

CONFIDENTIAL TIGHT HOLE

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: U-16575	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: Middle Mesa Unit	
2. NAME OF OPERATOR: EnCana Oil & Gas (USA) Inc.				9. WELL NAME and NUMBER: Middle Mesa Fed 31-42-29-25	
3. ADDRESS OF OPERATOR: 370-17th St, Suite 1700 CITY Denver STATE CO ZIP 80202			PHONE NUMBER: (720) 876-5339	10. FIELD AND POOL, OR WILDCAT: South Pine Ridge 457	
4. LOCATION OF WELL (FOOTAGES) 656742 X 4232848 Y 38.231838 -109.209189 AT SURFACE: 557' FSL & 2344' FWL AT PROPOSED PRODUCING ZONE: 719' FSL & 2226' FWL 656705 X 4232898 Y 38.232289 -109.209598				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 31 29S 25E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 6.0 miles SE of La Sal, Utah				12. COUNTY: San Juan	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 441' BHL		16. NUMBER OF ACRES IN LEASE: 320.43		17. NUMBER OF ACRES ASSIGNED TO THIS WELL:	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1996'		19. PROPOSED DEPTH: 5,971		20. BOND DESCRIPTION: RLB0001191	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6789.3', GR		22. APPROXIMATE DATE WORK WILL START: 8/1/2008		23. ESTIMATED DURATION: 30 Days	

24. PROPOSED CASING AND CEMENTING PROGRAM								
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12 1/4	9 5/8	J-55	36#	2,300	50/50 poz: Class G	650sx	2.11 cuft/sx	12.5#
8 3/4	5 1/2	I-80	17#	5,977	Class G + 2% gel	1000sx	1.44cuft/sx	13#

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Jevin Croteau TITLE Regulatory Analyst

SIGNATURE [Signature] DATE 6/30/08

(This space for State use only)

API NUMBER ASSIGNED:

43-037-31895

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:

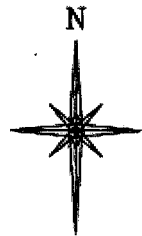
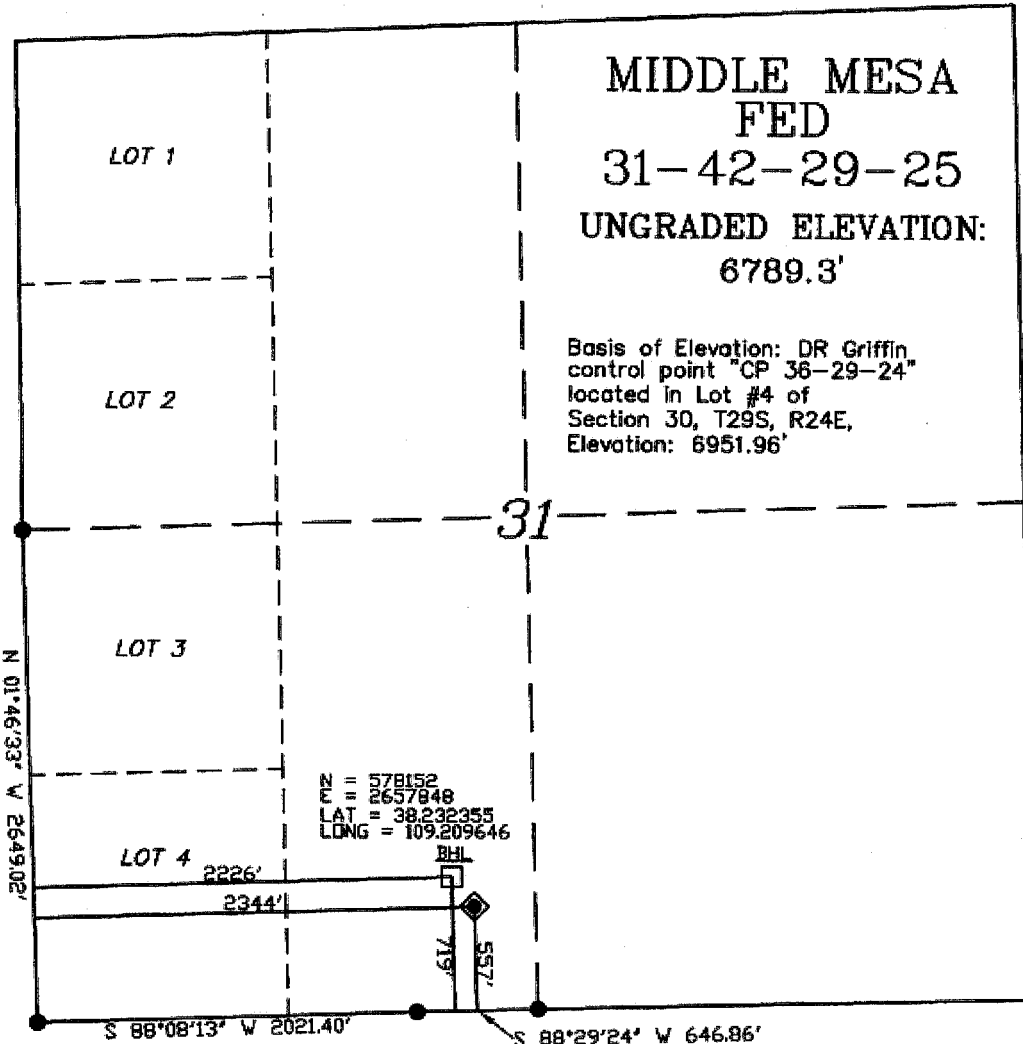
Date: 07-16-08
By: [Signature]

RECEIVED

JUL 02 2008

DIV. OF OIL, GAS & MINING

R. 25 E.



SCALE: 1" = 1000'

T. 29 S.

LATITUDE (NAD27)
NORTH 38.231911 DEG.
LONGITUDE (NAD27)
WEST 109.209233 DEG.

LATITUDE (NAD83)
NORTH 38.231900 DEG.
LONGITUDE (NAD83)
WEST 109.209899 DEG.

NORTHING
577993.31
EASTING
2657970.24

BASIS OF BEARING/DATUM
SPCS UT SOUTH (NAD 27)



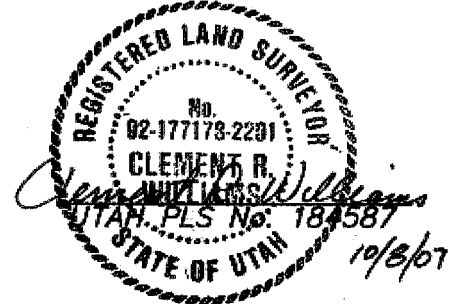
SURVEYOR'S STATEMENT

I, Brian L. Forbes, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on AUGUST 06, 2007, and it correctly shows the location of MIDDLE MESA FEDERAL 31-42-29-25.

NOTES

- ◆ WELL LOCATION
- FOUND MONUMENT (BC)
- BOTTOM HOLE LOCATION

EXHIBIT 1



DRG GRIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

ADDED BHL

SCALE: 1" = 1000'

JOB No. 15792

REVISED: 10/07/07

**PLAT OF DRILLING LOCATION
FOR
ENCANA OIL & GAS (USA) INC.**

**557' F/SL & 2344' F/WL, SECTION 25,
T. 29 S., R. 24 E., SALT LAKE B.M.
SAN JUAN COUNTY, UTAH**

557' FSL & 2344' FWL (surface)
Section 31-T29S-R25E
719' FSL & 2226' FWL (bottom hole)
Section 31-T29S-R25E
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ONSHORE OIL & GAS ORDER NO. 1

Approval of Operations on Onshore

Federal and Indian Oil and Gas Leases

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. FORMATION TOPS

The estimated tops of important geologic markers are as follows:

Formation	Depth (TVD)	Subsea
Burro Canyon	Surface	+6815'
Morrison	167'	+6648'
Entrada	861'	+5954'
Navajo	1124'	+5691'
Kayenta	1661'	+5154'
Wingate	1877'	+4938'
Chinle	2184'	+4631'
Cutler	2492'	+4323'
Honaker Trail	4105'	+2701'
La Sal	5495'	+1320'
La Sal Shale	5836'	+979'
Hatch	5921'	+894'
Total Depth	5971'	+844'

2. ANTICIPATED DEPTH OF WATER, OIL & GAS

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations as expected to be encountered are as follows:

Substance	Formation	Depth (TVD)
Gas	Honaker Trail	4105'
Gas	La Sal	5495'
Gas	La Sal Shale	5836'

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All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All indications of usable water (10,000 ppm or less TDS) shall be reported to the Durango Field Office prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

If noticeable water flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. BOP EQUIPMENT/REQUIREMENTS

EnCana Oil & Gas (USA), Inc.'s minimum specification for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double ram with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50% of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed:
- b. whenever any seal subject to test pressure is broken
- c. following related repairs: and
- d. at 30 day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout

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preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The BLM in Moab, Utah shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. CASING AND CEMENTING PROGRAMS

- a. The BLM in Moab, Utah shall be notified at least 24 hours prior to the running and cementing of all casing strings, in order to have a BLM representative on location while running and cementing all casing strings.
- b. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- c. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- d. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).
- e. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- f. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- g. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- h. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.

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 EnCana Oil & Gas (USA), Inc.
Middle Mesa Federal 31-42-29-25
 557' FSL & 2344' FWL (surface)
 Section 31-T29S-R25E
 719' FSL & 2226' FWL (bottom hole)
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- i. All indication of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- j. Surface casing shall have centralizers on the bottom 3 joints of casing (a minimum of one centralizer per joint starting with the shoe joint).
- k. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- l. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective actions shall be taken.
- m. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- n. The proposed casing program will be as follows:

Purpose	Depth (MD)	Hole Size	O.D.	Weight	Grade	Type	New/Used
Surface	0'-2300'	12 1/4"	9-5/8"	36#	J-55	ST&C	New
Production	0'-5977'	8-3/4"	5-1/2"	17#	I-80	LT&C	New

Size	Burst (Psi)	Burst Safety Factor	Collapse (Psi)	Collapse Safety Factor	Body Yield (1000 lbs)	Joint Strength (1000 lbs)	Tension Safety Factor
9-5/8"	3520	1.0	2020	1.00	564	394	1.0
5-1/2"	7740	1.0	6290	1.00	397	320	1.0

- o. Casing design subject to revision based on geologic conditions encountered.
- p. The cement program will be as follows:

Surface	Type and Amount
0-2300'	Lead: 550 sx. Class G 50/50 Poz + 2% gel, 2.11 cuft/sx. yield, 12.5 ppg Tail: 100 sx. Class G, 1.17 cuft/sx yield, 15.8 ppg
Production	Type and Amount
2000'-5977'	1000 sx. Class G 50/50 Poz, 1.44 cuft/sx. yield, 13 ppg

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- q. The BLM in Moab, Utah should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- r. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- s. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 1. Progress reports, Form 3160-5, "Sundry Notices and Reports on Wells", must include complete information concerning:
 - i. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - ii. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- t. Auxiliary equipment to be used is as follows:
 1. Kelly cock
 2. No bit float is deemed necessary.
 3. A sub with a full opening valve.

5. MUD PROGRAM

- a. The proposed circulating mediums to be employed in drilling are as follows:

Interval (MD)	Mud Type	Mud Wt.	Visc.	F/L
0-2300'	Water	+/- 8.5	+/- 28	N.C.
2300'-TD	6 % KCL, polymer LSND	8.5-9.0	+/- 45-50	+/- 8

- b. Mud monitoring equipment to be used is as follows: Periodic checks of the mud system will be made each tour. The mud level will be checked visually.
 1. There will be sufficient mud on location to ensure well control.
 2. A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss and Ph.
- c. Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.

6. EVALUATION PROGRAM – TESTING, LOGGING AND CORING

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The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be reversed out of the testing string under controlled surface conditions. This would involve providing some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of a DIL/CNL/LDT/GR/SP from TD to base of the surface casing.
- c. No whole cores are anticipated. Depending upon evaluation of the open hole logs, several sidewall cores may be obtained in formations of interest.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, work over, and/or completions, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).
- e. The anticipated completion program is as follows:

Perforate zones of interest, fracture stimulate as necessary and place on production.

7. ABNORMAL PRESSURES AND H₂S GAS

- a. The maximum expected bottom hole pressure is 2400 psi (pressure gradient of 0.396 psi/ft). Source of pressure estimate was from data obtained for the La Sal geological formation via pressures obtained in the Middle Mesa State 36-14-39-24 (well is located within 1 mile of the proposed location).
- b. No hydrogen sulfide gas is anticipated, no abnormal pressures or temperatures are anticipated.
- c. As per Onshore Order No. 6, III.A.2.b., if hydrogen sulfide is present the "operator shall initially test the H₂S concentration of the gas stream for each well or production facility ..." Submit the results of this test within 30 days of filing Form 3160-4, "Well Completion or

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Recompletion Report and Log".

8. OTHER INFORMATION AND NOTIFICATION REQUIREMENTS

- a. The BLM in Moab (435-259-2100) shall be notified at least 24 hours prior to:
 1. Spudding the well
 2. Running the casing strings and cementing
 3. BOP tests/casing pressured tests.
- b. Within 30 days of completion of the well as a dry hole or producer, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, work over, and/or completions operations will be filed with a Completion Report (Form 3160-4), in triplicate. Submit casing/cementing reports and other subsequent reports via Sundry Notice Form 3160-5.
- c. In accordance with 43 CFR 3162.4-3, this well shall be reported on MMS Form 3160, "Monthly Report of Operations", starting with the month in which drilling operations commence, and continuing each month until the well is physically plugged and abandoned.
- d. The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which gas is first measured through permanent metering facilities, whichever first occurs.
- e. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during the initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day authorized period.
- f. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d), shall be submitted to the appropriate District Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4).
- g. Off-lease measurement and commingling of production must be approved by the authorized officer.
- h. Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5,

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or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

- i. The BLM in Moab (435-259-2100) shall be notified within 5 business days of production start-up if either of the following two conditions occur:
 1. The well is placed on production, or
 2. The well resumes production after being off of production for more than 90 days.

"Placed on production" means shipment or sales of hydrocarbons from temporary tanks, production into permanent facilities or measurement through permanent facilities. Notification may be written or verbal with written follow-up within 15 days.
- j. Drilling is planned to commence upon approval. Completion will begin approximately 30 days after drilling is completed.
- k. It is anticipated that the drilling of this well will take approximately 10-15 days.
- l. No location will be constructed or moved, no well will be plugged, and no drilling or work over equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- m. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- n. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- o. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.

If underground injection is proposed, an EPA or State UIC permit shall also be required and submitted to this office.

- p. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5 will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of

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the AO or his representative, or the appropriate Surface Managing Agency.

- q. As per 43 CFR 3162.6, each drilling producing or abandoned well shall be identified with the operator's name, the lease serial number, the well number, and the surveyed description of the well (either footages or the quarter-quarter section, the section, township and range). The Indian lessor's name may also be required. All markings shall be legible and in a conspicuous place.

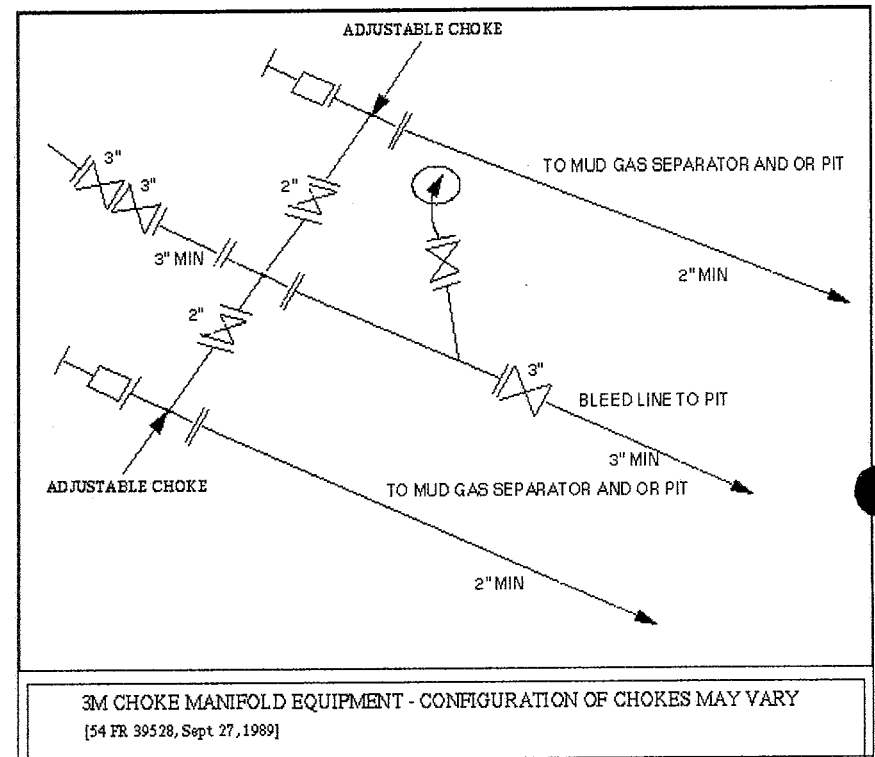
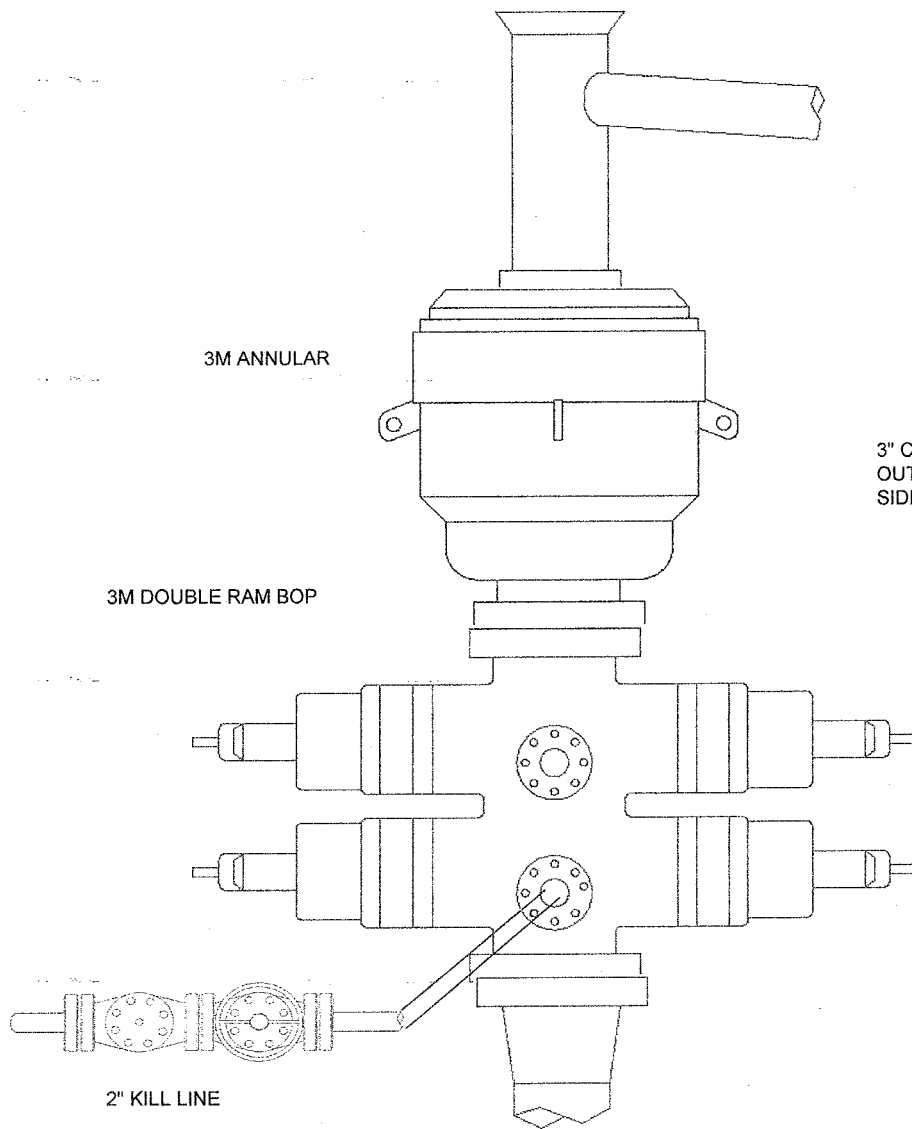
- r. Bureau of Land Management, Moab Field Office Address and Contacts:

Address: 82 East Dogwood Ave. Phone: 435-259-2100
Moab, Utah 84532

Business Hours: 7:45 a.m. to 4:30 p.m. (Mountain Time), Mon-Fri.

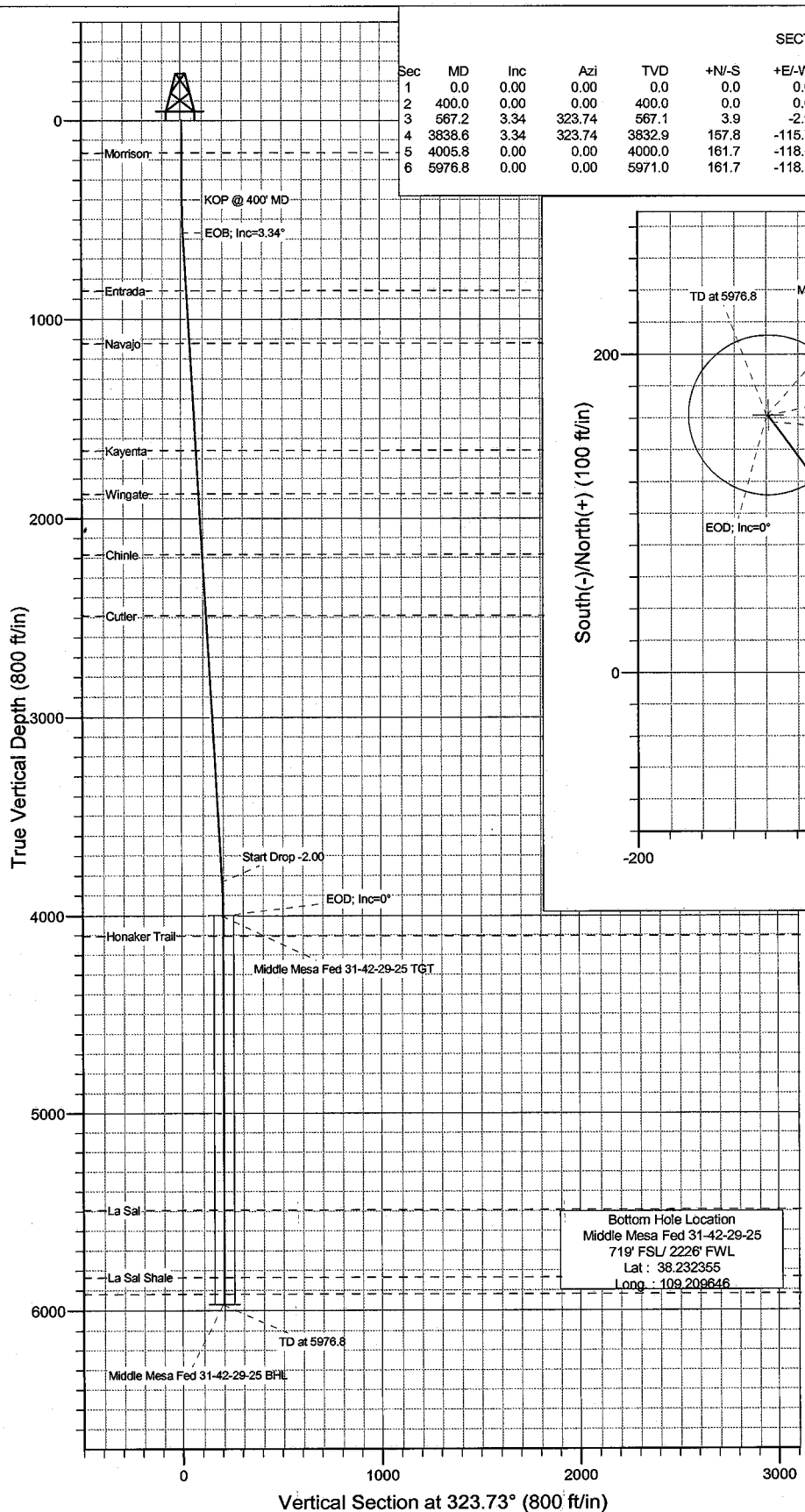
After Hours:

Eric Jones	Petroleum Engineer	435-259-2117
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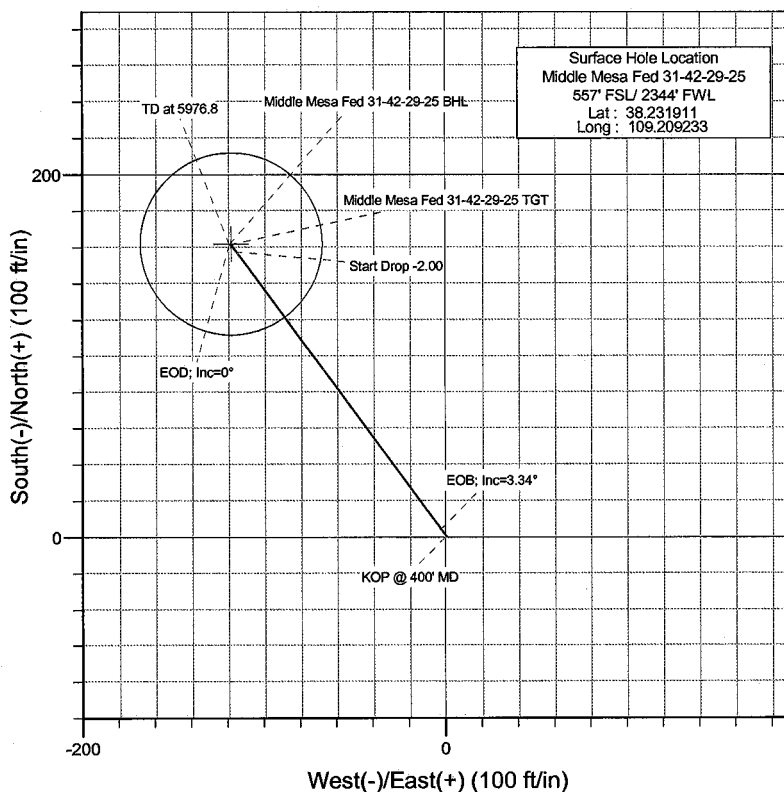




Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1



SECTION DETAILS											Target
Sec	MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec		
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0		
2	400.0	0.00	0.00	400.0	0.0	0.0	0.00	0.00	0.0		
3	567.2	3.34	323.74	567.1	3.9	-2.9	2.00	323.74	4.9		
4	3838.6	3.34	323.74	3832.9	157.8	-115.7	0.00	0.00	195.7		
5	4005.8	0.00	0.00	4000.0	161.7	-118.6	2.00	180.00	200.5		Middle Mesa Fed 31-42-29-25 TGT
6	5976.8	0.00	0.00	5971.0	161.7	-118.6	0.00	0.00	200.5		Middle Mesa Fed 31-42-29-25 BHL



Azimuths to True North
Magnetic North: 11.09°
Magnetic Field
Strength: 51729.1snT
Dip Angle: 64.54°
Date: 2/11/2008
Model: IGRF200510

FORMATION TOP DETAILS

TVDPath	MDPath	Formation
167.0	167.0	Morrison
861.0	861.6	Entrada
1124.0	1125.0	Navajo
1661.0	1663.0	Kayenta
1877.0	1879.3	Wingate
2184.0	2186.9	Chinle
2492.0	2495.4	Cutler
4105.0	4110.8	Honaker Trail
5495.0	5500.8	La Sal
5836.0	5841.8	La Sal Shale
5921.0	5926.8	Hatch

DESIGN DETAILS: Plan #1
85XXX; BAO
KBE @ 6815.0ft (Original Well Elev)

Target	Azimuth	Origin	N/S	E/W From TVD
Middle Mesa Fed 31-42-29-25 TGT	323.73	Slot	0.0	0.0

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Project	Paradox (Nad 27)		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	Utah South 4303		

Site	SWSW S25-T29-R24E		
Site Position:		Northing:	577,993.43 ft
From:	Lat/Long	Easting:	2,657,970.33 ft
Position Uncertainty:	0.0 ft	Slot Radius:	"
		Latitude:	38.2319110
		Longitude:	-109.2092330
		Grid Convergence:	1.40 °

Well	Middle Mesa Fed 31-42-29-25		
Well Position	+N/-S	0.0 ft	Northing: 577,993.42 ft
	+E/-W	0.0 ft	Easting: 2,657,970.33 ft
Position Uncertainty	0.0 ft	Wellhead Elevation:	ft
		Latitude:	38.2319110
		Longitude:	-109.2092330
		Ground Level:	6,795.0 ft

Wellbore	DD		
Magnetics	Model Name	Sample Date	Declination (°)
	IGRF200510	2/11/2008	11.10
			Dip Angle (°)
			64.54
			Field Strength (nT)
			51,729

Design	Plan #1		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth: 0.0
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0.0	0.0	0.0
			Direction (°)
			323.73

Plan Sections										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
400.0	0.00	0.00	400.0	0.0	0.0	0.00	0.00	0.00	0.00	
567.2	3.34	323.74	567.1	3.9	-2.9	2.00	2.00	0.00	323.74	
3,838.6	3.34	323.74	3,832.9	157.8	-115.7	0.00	0.00	0.00	0.00	
4,005.8	0.00	0.00	4,000.0	161.7	-118.6	2.00	-2.00	0.00	180.00	Middle Mesa Fed 31-4
5,976.8	0.00	0.00	5,971.0	161.7	-118.6	0.00	0.00	0.00	0.00	Middle Mesa Fed 31-4

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Comments / Formations
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	
167.0	0.00	0.00	167.0	0.0	0.0	0.0	0.00	0.00	Morrison
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	KOP @ 400' MD
500.0	2.00	323.74	500.0	1.4	-1.0	1.7	2.00	2.00	
567.2	3.34	323.74	567.1	3.9	-2.9	4.9	2.00	2.00	EOB; Inc=3.34°
600.0	3.34	323.74	599.8	5.5	-4.0	6.8	0.00	0.00	
700.0	3.34	323.74	699.7	10.2	-7.5	12.6	0.00	0.00	
800.0	3.34	323.74	799.5	14.9	-10.9	18.5	0.00	0.00	
861.6	3.34	323.74	861.0	17.8	-13.0	22.0	0.00	0.00	Entrada
900.0	3.34	323.74	899.3	19.6	-14.4	24.3	0.00	0.00	
1,000.0	3.34	323.74	999.2	24.3	-17.8	30.1	0.00	0.00	
1,100.0	3.34	323.74	1,099.0	29.0	-21.3	35.9	0.00	0.00	
1,125.0	3.34	323.74	1,124.0	30.2	-22.1	37.4	0.00	0.00	Navajo
1,200.0	3.34	323.74	1,198.8	33.7	-24.7	41.8	0.00	0.00	
1,300.0	3.34	323.74	1,298.7	38.4	-28.2	47.6	0.00	0.00	
1,400.0	3.34	323.74	1,398.5	43.1	-31.6	53.4	0.00	0.00	
1,500.0	3.34	323.74	1,498.3	47.8	-35.1	59.3	0.00	0.00	
1,600.0	3.34	323.74	1,598.1	52.5	-38.5	65.1	0.00	0.00	
1,663.0	3.34	323.74	1,661.0	55.5	-40.7	68.8	0.00	0.00	Kayenta
1,700.0	3.34	323.74	1,698.0	57.2	-42.0	70.9	0.00	0.00	
1,800.0	3.34	323.74	1,797.8	61.9	-45.4	76.8	0.00	0.00	
1,879.3	3.34	323.74	1,877.0	65.6	-48.1	81.4	0.00	0.00	Wingate
1,900.0	3.34	323.74	1,897.6	66.6	-48.9	82.6	0.00	0.00	
2,000.0	3.34	323.74	1,997.5	71.3	-52.3	88.4	0.00	0.00	
2,100.0	3.34	323.74	2,097.3	76.0	-55.8	94.3	0.00	0.00	
2,186.9	3.34	323.74	2,184.0	80.1	-58.7	99.3	0.00	0.00	Chinle
2,200.0	3.34	323.74	2,197.1	80.7	-59.2	100.1	0.00	0.00	
2,300.0	3.34	323.74	2,297.0	85.4	-62.6	105.9	0.00	0.00	
2,400.0	3.34	323.74	2,396.8	90.1	-66.1	111.8	0.00	0.00	
2,495.4	3.34	323.74	2,492.0	94.6	-69.4	117.3	0.00	0.00	Cutler
2,500.0	3.34	323.74	2,496.6	94.8	-69.5	117.6	0.00	0.00	
2,600.0	3.34	323.74	2,596.4	99.5	-73.0	123.4	0.00	0.00	
2,700.0	3.34	323.74	2,696.3	104.2	-76.4	129.3	0.00	0.00	
2,800.0	3.34	323.74	2,796.1	108.9	-79.9	135.1	0.00	0.00	
2,900.0	3.34	323.74	2,895.9	113.6	-83.3	140.9	0.00	0.00	
3,000.0	3.34	323.74	2,995.8	118.3	-86.8	146.8	0.00	0.00	
3,100.0	3.34	323.74	3,095.6	123.0	-90.2	152.6	0.00	0.00	
3,200.0	3.34	323.74	3,195.4	127.7	-93.7	158.4	0.00	0.00	
3,300.0	3.34	323.74	3,295.3	132.4	-97.1	164.2	0.00	0.00	
3,400.0	3.34	323.74	3,395.1	137.1	-100.6	170.1	0.00	0.00	
3,500.0	3.34	323.74	3,494.9	141.8	-104.0	175.9	0.00	0.00	
3,600.0	3.34	323.74	3,594.7	146.5	-107.5	181.7	0.00	0.00	
3,700.0	3.34	323.74	3,694.6	151.3	-110.9	187.6	0.00	0.00	
3,800.0	3.34	323.74	3,794.4	156.0	-114.4	193.4	0.00	0.00	
3,838.6	3.34	323.74	3,832.9	157.8	-115.7	195.7	0.00	0.00	Start Drop -2.00
3,900.0	2.12	323.74	3,894.3	160.1	-117.4	198.6	2.00	-2.00	
4,000.0	0.12	323.74	3,994.2	161.7	-118.6	200.5	2.00	-2.00	
4,005.8	0.00	0.00	4,000.0	161.7	-118.6	200.5	2.00	-2.00	EOB; Inc=0° - Middle Mesa Fed 31-42-29-25 T
4,100.0	0.00	0.00	4,094.2	161.7	-118.6	200.5	0.00	0.00	

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Comments / Formations
4,110.8	0.00	0.00	4,105.0	161.7	-118.6	200.5	0.00	0.00	Honaker Trail
4,200.0	0.00	0.00	4,194.2	161.7	-118.6	200.5	0.00	0.00	
4,300.0	0.00	0.00	4,294.2	161.7	-118.6	200.5	0.00	0.00	
4,400.0	0.00	0.00	4,394.2	161.7	-118.6	200.5	0.00	0.00	
4,500.0	0.00	0.00	4,494.2	161.7	-118.6	200.5	0.00	0.00	
4,600.0	0.00	0.00	4,594.2	161.7	-118.6	200.5	0.00	0.00	
4,700.0	0.00	0.00	4,694.2	161.7	-118.6	200.5	0.00	0.00	
4,800.0	0.00	0.00	4,794.2	161.7	-118.6	200.5	0.00	0.00	
4,900.0	0.00	0.00	4,894.2	161.7	-118.6	200.5	0.00	0.00	
5,000.0	0.00	0.00	4,994.2	161.7	-118.6	200.5	0.00	0.00	
5,100.0	0.00	0.00	5,094.2	161.7	-118.6	200.5	0.00	0.00	La Sal
5,200.0	0.00	0.00	5,194.2	161.7	-118.6	200.5	0.00	0.00	
5,300.0	0.00	0.00	5,294.2	161.7	-118.6	200.5	0.00	0.00	
5,400.0	0.00	0.00	5,394.2	161.7	-118.6	200.5	0.00	0.00	
5,500.0	0.00	0.00	5,494.2	161.7	-118.6	200.5	0.00	0.00	
5,500.8	0.00	0.00	5,495.0	161.7	-118.6	200.5	0.00	0.00	La Sal Shale
5,600.0	0.00	0.00	5,594.2	161.7	-118.6	200.5	0.00	0.00	
5,700.0	0.00	0.00	5,694.2	161.7	-118.6	200.5	0.00	0.00	Hatch
5,800.0	0.00	0.00	5,794.2	161.7	-118.6	200.5	0.00	0.00	
5,841.8	0.00	0.00	5,836.0	161.7	-118.6	200.5	0.00	0.00	
5,900.0	0.00	0.00	5,894.2	161.7	-118.6	200.5	0.00	0.00	Middle Mesa Fed 31-42-29-25 BHL
5,926.8	0.00	0.00	5,921.0	161.7	-118.6	200.5	0.00	0.00	
5,976.8	0.00	0.00	5,971.0	161.7	-118.6	200.5	0.00	0.00	

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Middle Mesa Fed 31-42- - plan hits target - Circle (radius 50.0)	0.00	0.00	4,000.0	161.7	-118.6	578,152.17	2,657,847.81	38.2323550	-109.2096459
Middle Mesa Fed 31-42- - plan hits target - Circle (radius 50.0)	0.00	0.00	5,971.0	161.7	-118.6	578,152.16	2,657,847.77	38.2323550	-109.2096460

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
167.0	167.0	Morrison			
861.6	861.0	Entrada			
1,125.0	1,124.0	Navajo			
1,663.0	1,661.0	Kayenta			
1,879.3	1,877.0	Wingate			
2,186.9	2,184.0	Chinle			
2,495.4	2,492.0	Cutler			
4,110.8	4,105.0	Honaker Trail			
5,500.8	5,495.0	La Sal			
5,841.8	5,836.0	La Sal Shale			
5,926.8	5,921.0	Hatch			

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment
		+N/-S (ft)	+E/-W (ft)	
400.0	400.0	0.0	0.0	KOP @ 400' MD
567.2	567.1	3.9	-2.9	EOB; Inc=3.34°
3,838.6	3,832.9	157.8	-115.7	Start Drop -2.00
4,005.8	4,000.0	161.7	-118.6	EOD; Inc=0°
5,976.8	5,971.0	161.7	-118.6	TD at 5976.8

ONSHORE ORDER No. 1
EnCana Oil & Gas (USA) Inc.
Middle Mesa Fed 31-42-29-25
SESW Section 31, T29S-R25E
San Juan County, Utah

Surface Use Plan

Lease No. U-16575

ONSHORE OIL & GAS ORDER NO. 1
Twelve Point Surface Use Plan of Operations

The onsite inspection for the subject location was conducted on April 17, 2008. In attendance at the onsite inspection were the following individuals:

<u>Name</u>	<u>Position</u>	<u>Organization</u>
Ben Kniola	Natural Resource Specialist	Bureau of Land Management
Jevin Croteau	Regulatory Analyst	EnCana Oil & Gas (USA) Inc.
Ron Krist	Construction Supervisor	EnCana
Carol S. DeFrancia	Archaeologist	4-Corners Archaeological Svs.
Ron Rennke	Surveyor	D.R. Griffin & Assoc., Inc.
Dan Morby	Surveyor	D.R. Griffin & Assoc., Inc.
George Sanders	Construction	Ebberts Construction
Marty Ruggles	Pipeline Inspector	EnCana
Steve Record	Drilling Contractor	EnCana
Ernie Marolf	Construction	Young Enterprises
David Cressler	Construction	Coal bed Creek Construction

1. EXISTING ROADS

- a. The proposed well site is located approximately 6.0 miles Southeast of La Sal, Utah.
- b. Directions from La Sal, Utah are as follows:

From La Sal travel State Highway 46 westerly for 2.3 miles. Turn left on Lisbon (113) Road travel south for approximately 2.2 miles to the 191 Road. Turn left and travel southeasterly for 2.2 miles to an existing road. Continue southeasterly on Coyote Wash Road for 4.4 miles to the Middle Mesa Fed 5-6 access road. Turn Right and travel southwesterly for 0.7 miles to the proposed access road. Turn right and travel westerly for 0.4 miles to the proposed location.

- c. EnCana will obtain any permits needed from the San Juan County Road Department before any construction activities begin.
- d. Existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well as per the road use agreement.
- e. Dust control measures will be implemented during dry weather when necessary. These may include mag chloride or other palliative.

2. PLANNED ACCESS ROADS

- a. For access roads, refer to Topo Maps A and B.
- b. There will be approximately 1943' feet of new access road to be constructed.
- c. Some Improvement to existing roads may be necessary.
- d. The new access will be constructed initially for drilling purposes to a maximum width of 25 feet. If production is established the maximum total disturbed width will be 40 feet and

ONSHORE ORDER No. 1
EnCana Oil & Gas (USA) Inc.
Middle Mesa Fed 31-42-29-25
SESW Section 31, T29S-R25E
San Juan County, Utah

Surface Use Plan

Lease No. U-16575

the maximum travel surface width will be 25 feet.

- e. The maximum grade of the new access road will be 6%.
- f. No turnouts will be necessary.
- g. All surface materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- h. The roads shall be maintained reasonably smooth, and free of ruts, soft spots, chuckholes, rocks, slides and washboards. The BLM "Gold" book shall be followed for specifications on road design and culvert installation. All weather surfacing will be required if the well becomes a producer. A regular maintenance program shall include blading, ditching, sign replacement, surfacing, and culvert maintenance. All vehicles servicing the well are restricted to use of the approved access road and well pad.
- i. Culverts or low water crossings will be installed where deemed necessary by the dirt contractor.
- j. No fence cuts or cattle guards will be necessary unless specified by the BLM.
- k. A road and pipeline right-of-way will not be required from the BLM. Both the access road and pipeline will be entirely within the Middle Mesa Unit. See the attached Topo Maps B and C.
- l. Surface disturbance and vehicle travel will be limited to the approved location and approved pipeline/access road route. Any additional area needed will be approved by the BLM in advance.
- m. No surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. EnCana will adhere to the conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.
- n. If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.
- o. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligations determined by the BLM.
- p. If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this

ONSHORE ORDER No. 1
EnCana Oil & Gas (USA) Inc.
Middle Mesa Fed 31-42-29-25
SESW Section 31, T29S-R25E
San Juan County, Utah

Surface Use Plan

Lease No. U-16575

time frame cannot be met, the Field Office Manager will be notified so that temporary drainage control can be installed along the access road.

- q. All brush, limbs, and other woody material will be stockpiled separately from the topsoil along the roadway, or near the well pad. If any topsoil can be salvaged it will be stockpiled near the well pad for future reclamation. If the soil stockpile is not used within six months it will be seeded to ensure topsoil integrity and prevent erosion.
- r. No pullouts or off-road parking will be allowed unless specifically authorized. "Keep vehicles on road surface" signs will be installed to assist with compliance. Shortcutting by vehicles operated by EnCana or its contractors, on roads not identified as access routes in the APD, will not be allowed.

3. LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS OF THE PROPOSED LOCATION. SEE TOPO MAP A.

- a. Water Wells - 0
- b. Injection or Disposal Wells - 0
- c. Producing Wells - 4
- d. Proposed Wells - 3
- e. Shut In Wells - 1
- f. Plugged and Abandoned Wells - 2

4. LOCATION OF PRODUCTION FACILITIES

- a. If the well is productive all production facilities will be located on the well pad. The proposed facilities to be located on the well pad will be a typical tank battery, which include a separator, meter building (with tube and meter), two 400 Hundred bbl tanks and if needed one 500 gal tank and methanol pump or deh'y equipment.
- b. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the BLM - Moab Field Office.
- c. The proposed gas gathering line will be buried from the well head to the battery site then laid on the surface paralleling the access road to the tie-in point in the SESE of Section 31, T29S R25E. The total length of the pipeline is approximately 2215' on BLM surface. See the attached Topo Map C.
- d. All permanent structures (onsite for six months or longer) constructed or installed will be painted a flat, non-reflective earth tone color which will match the adjacent vegetation. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. The actual color will be Juniper Green or one specified by the Bureau of Land Management.
- e. All site security guidelines identified in 43 CFR 3162.7-5 and specified in Onshore Order No. 3 shall be adhered to.
- f. The oil and gas measurement facilities will be installed on the well location. The gas flowline will be buried from the wellhead to the meter and downstream until it leaves the

ONSHORE ORDER No. 1
EnCana Oil & Gas (USA) Inc.
Middle Mesa Fed 31-42-29-25
SESW Section 31, T29S-R25E
San Juan County, Utah

Surface Use Plan

Lease No. U-16575

pad. Meter runs will be housed. Oil and gas meters will be calibrated prior to first sales and quarterly thereafter. A copy of the meter calibration reports will be submitted to the BLM - Moab Field Office. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7, Onshore Oil and Gas Order No. 5 and the American Gas Association (AGA) Report No. 3.

- g. If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR 3162.7 and Onshore Oil and Gas Order No. 4.
- h. Production facilities on location may include a lined or unlined produced water pit as specified in Onshore Oil and Gas Order No. 7. If water is produced from the well, an application in conformance with Order No. 7 must be submitted.

5. LOCATION AND TYPE OF WATER SUPPLY

- a. The source of water for drilling and completion purposes will be obtained from the La Sal Creek located in the SW/4 of Section 8, T28S R25E, San Juan County, Utah.
- b. This water source will be permitted under the State of Utah, Department of Natural Resources, Division of Water Rights. Water Right Number 05-6.
- c. Water will be hauled to the location over the proposed access roads outlined in the SUP.

6. CONSTRUCTION MATERIALS

- a. All materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.
- c. No gravel or other related minerals from new or existing pits on Federal land will be used in the construction of roads, well pads, etc., without prior approval from the BLM.

7. METHODS FOR HANDLING WASTE DISPOSAL

- a. Drill cuttings are to be contained and buried in the reserve pit.
- b. The reserve pit will be sealed in such a manner as to prevent leakage of the fluids. Methods available to insure containment of drilling fluids in the reserve pit include lining the inside of the pit with at least a 30 mil plastic liner. If a plastic liner is used, the bottom of the pit shall be smooth and free of any sharp rocks. If the pit has a rocky bottom, it shall be bedded with a material such as soil, sand, straw or hay to avoid the possibility of puncturing the liner. A minimum of not less than a 2 foot freeboard will be maintained in the pit at all times. All oil or floating debris will be removed from the pit immediately after the drilling and after the stimulation phase of the well.
- c. The reserve pit will be located on the SE corner of the disturbed pad, and the pit walls will be sloped at no greater than 1 1/2 to 1.

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- d. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling operations have been completed and shall remain until the pit is reclaimed. As soon as the reserve pit has dried or been sufficiently de-watered, all areas not needed for production will be rehabilitated. The reserve pit solids will not be squeezed out of the pit. The reserve pit will be backfilled and re-contoured to blend with the existing environment.
- e. Garbage is to be contained in the trash cage. The trash cage will be totally enclosed with small mesh wire to prevent wind scattering and wildlife entry. All garbage will be hauled to an approved disposal site at the end of drilling/completion operations.
- f. Sewage will be disposed of in accordance with State and County regulations. No sewage boreholes will be allowed. Chemical porta-toilets will be furnished and their contents hauled to an approved disposal site.
- g. The produced fluids (produced water, frac fluid and possibly condensate), while testing the well will be flowed back to a 400 bbl test tank. Any condensate will be skimmed and transferred to production tanks. Sand and produced fluids other than condensate will be transferred to the reserve pit until such time as the well is cleaned up sufficiently to produce pipeline quality gas. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

No camps, airstrips or other facilities will be necessary.

9. WELLSITE LAYOUT

- a. The survey plats are attached.
- b. The well pad plan is attached with the location of the reserve pit and access road onto the well pad.
- c. A cross section of the well pad with the cut and fill diagram is attached.
- d. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6.
- e. The reserve pit will be designed to prevent the collection of surface runoff.
- f. The reserve pit liner shall remain intact until the reserve pit is reclaimed. Flare pits must be located a sufficient distance from the reserve pit to prevent the liner from being damaged during flaring operations.
- g. Prior to rigging up, a one-foot high berm will be constructed around the perimeter of the well pad to contain all storm events/spills from going downstream of the well pad. A lined sump pit may be utilized to contain the fluids. The need for the berm will be reassessed upon completion of the well and after production is established.
- h. Compaction and construction of the berms surrounding the tank or tank batteries will be designed to prevent lateral movement of fluids through the berm, prior to any storage of fluids. All load lines and valves shall be placed inside the bermed areas.

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Lease No. U-16575

- i. There shall be a sign or marker on location with the name of the operator, lease serial number, well number, and legal location of the well.

10. PLANS FOR RECLAMATION OF THE SURFACE

The following surface reclamation will be done upon completion of the drilling operations.

- a. Where topsoil material is available it will be removed from the location, saved and stockpiled separately on the edge of the pad to be used for reclamation purposes.
- b. Topsoil along the access road will be reserved in place adjacent to the road.
- c. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- d. When the reserve pit has dried naturally or by enhanced evaporation the reserve pit and that portion of the location not needed for production will be reclaimed within 6 months of well completion or abandonment (weather-permitting).
- e. All road surfacing will be removed prior to the rehabilitation of roads.
- f. Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.
- g. All disturbed areas will be recontoured to replicate the natural slope.
- h. The stockpiled topsoil will be evenly distributed over the disturbed area where available.
- i. Prior to reseeding, all disturbed areas, including the access roads will be scarified and left with a rough surface.
- j. Seed will be broadcast or drilled between September and October, or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.
- k. The following seed mixture or one approved by the BLM will be used. Seed labels from each bag shall be available for inspection while seeding is being accomplished. In the event grasses and native vegetation is not established after the first seeding application, subsequent applications will be performed until grasses and/or native vegetation is established.

<u>Common Name</u>	<u>Pure Live Seed (PLS) lbs /acre</u>
Indian ricegrass	4.0
Crested wheatgrass	4.0
Four-wing saltbush	4.0
Alfalfa	0.5
	12.5 lbs/acre

- l. The abandonment marker will be one of the following, as specified by the BLM:
 - 1) at least four feet above ground level,
 - 2) at restored ground level, or
 - 3) below ground level.

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In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

- m. Vegetation or soil disturbance by the operator will be held to the minimum consistent with practical construction operations and the operator will smooth all disturbed areas to conform as nearly as practical to the adjacent terrain.
- n. To the degree it is feasible, natural drainage will not be altered.
- o. Reclamation will be considered successful when the desired vegetative species are established, erosion is controlled, weeds are considered a minimal threat, and it is likely that ground cover will return to a desirable condition. EnCana will continue revegetation efforts until this standard is met. BLM shall be responsible for determining when reclamation efforts are successful.
- p. A fence shall be installed around the perimeter of the area undergoing reclamation. The fence shall be maintained in a manner to prevent cattle from entering the area, and shall be constructed as follows: Posts to be no more than 16' apart; fence wire: four wires of at least 12.5 gauge, double strand twisted; two stays between posts; wire stretched taut between brace panels, wire spacing from the ground up: 14", 22", 30", 42". Fence shall be maintained in place for a minimum of 3 years, and will be removed by EnCana when so instructed by the BLM.

11. SURFACE OWNERSHIP

Well site - Bureau of Land Management

Roads - All access roads are located or maintained by the State and County Road Departments or are on lands managed by the Bureau of Land Management.

12. OTHER INFORMATION

- a. A Class III archeological survey has been conducted by 4 Corners Archaeological Services for the surface location, access road and pipeline right-of-way and was sent under separate cover.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the BLM Field Office. Within five (5) working days, the BLM will inform the operator as to:
 - Whether the materials appear eligible for the National Register of Historic Places;
 - The mitigation measures we will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - A time frame for the BLM to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the BLM are correct and that mitigation is appropriate.

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If the operator wishes, at the time, to relocate activities to avoid the expenses of mitigation and/or the delays associated with this process, the BLM will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The BLM will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the BLM that the required mitigation has been completed, the operator will then be allowed to resume construction.

- c. The BLM would conduct U.S. Fish and Wildlife Service (USFWS) consultation and coordination as necessary for all mitigation activities relating to T&E, candidate species and their habitats. In areas that have not been previously surveyed or cleared for these species, a qualified biologist/botanist would conduct surveys for these species in areas of potential habitat prior to disturbance. If T&E, candidate, or sensitive species are found, consultation with the USFWS would be initiated, as necessary, and construction activities would be curtailed until the BLM, USFWS, and Operators concur on which activities can be authorized.
- d. A biological Raptor Breeding Season Survey will be conducted by Westwater Consulting for the surface location, access road and pipeline right-of-way and will be sent under separate cover.
- e. The BLM, Moab Field Office will be contacted no earlier than 15 days and no later than three (3) working days prior to commencement of construction activities.
- f. "Sundry Notice and Report of Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION

Permit Matters

EnCana Oil & Gas (USA) INC.
370 17TH Street, Suite 1700
Denver, CO 80202
Jevin Croteau
Office: (720) 876-5339
Cell: (720) 273-6427

Drilling & Completion Matters

EnCana Oil & Gas (USA) INC.
370 17th Street, Suite 1700
Denver, CO 80202
Kevin Brakovec – Drilling Engineer
Office: (720) 876-3668
Cell: (303) 710-0983

ONSHORE ORDER No. 1
EnCana Oil & Gas (USA) Inc.
Middle Mesa Fed 31-42-29-25
SESW Section 31, T29S-R25E
San Juan County, Utah

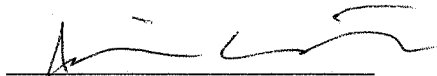
Lease No. U-16575

CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this plan APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application.

These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 30th day of June, 2008.



Jevin Croteau
Regulatory Analyst
370 – 17th Street, Suite 1700
Denver, CO 80202
(720) 876-5339
jevin.croteau@encana.com



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES Division of Water Rights

MICHAEL R. STYLER
Executive Director

JERRY D. OLDS
State Engineer/Division Director

ORDER OF THE STATE ENGINEER

For Temporary Change Application Number 05-6 (t34402)

Temporary Change Application Number 05-6 (t34402) in the name of Charles Hardison Redd was filed on May 5, 2008, to change the point of diversion, place of use and change the nature of use of 20.00 acre-feet (af) of water as evidenced by Water Right Number 05-6. Heretofore, the water has been diverted from a surface source located North 3,420 feet and West 2,851 feet from the SE Corner of Section 7, T28S, R25E, SLB&M. The water has been used for the irrigation of 5.00 acres from April 1 to October 31. The water was used in all or portion(s) of Section 35, T28S, R25E, SLB&M; Section 2 and 11, T29S, R24E, SLB&M.

Hereafter, it is proposed to divert 20.00 acre-feet of water from surface source located North 712 feet and East 627 feet from the SW Corner of Section 8, T28S, R25E, SLB&M. The water is to be used for drilling work for oil and gas wells and road construction and maintenance. The place of use of the water is being changed to all or portion(s) of Sections 2, 8, 11, 14 and 27, T29S, R24E, SLB&M; Section 8, T29S, R26E, SLB&M and Sections 4, 9, 10, 14 and 15, T30S, R25E, SLB&M.

Notice of this temporary change application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-3 of the Utah Code for the approval of temporary change applications.

It is the opinion of the State Engineer that this change application can be approved without adversely affecting existing rights. The applicant is put on notice that diligence must be shown in pursuing the development of this application which can be demonstrated by the completion of the project as proposed in the change application.

It is, therefore, **ORDERED** and Temporary Change Application Number 05-6 (t34402) is hereby **APPROVED** subject to prior rights.

This temporary change application shall expire one year from the date hereof.

It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

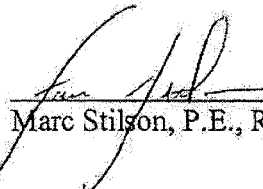
Inasmuch as this application proposes to divert water from a surface source, the applicant is required to contact the Stream Alteration Section of the Division of Water Rights at 801-538-7240 to obtain a Stream Alteration permit in addition to this Temporary Change Application.

ORDER OF THE STATE ENGINEER
Temporary Change Application Number
05-6 (t34402)
Page 2

Your contact with this office, should you need it, is with the Southeastern Regional Office. The telephone number is 435-613-3750.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 9 day of June, 2008.



Marc Stilson, P.E., Regional Engineer

Mailed a copy of the foregoing Order this 9 day of June, 2008 to:

Charles Hardison Redd
P.O.Box 278
La Sal UT 84530

BY: _____
Kelly K. Horne, Applications/Records Secretary

APPLICATION FOR TEMPORARY CHANGE OF WATER

STATE OF UTAH

Rec. by PW

Fee Amt. \$ \$75.00

Receipt # 08-02400

For the purpose of obtaining permission to make a temporary change of water in the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Section 73-3-3 Utah Code Annotated 1953, as amended.

CHANGE APPLICATION NUMBER: (134402)
(c6749TALLRED)

WATER RIGHT NUMBER: 05-6

This Change Application proposes to change the POINT(S) OF DIVERSION, PLACE OF USE, and NATURE OF USE.

1. OWNERSHIP INFORMATION.

A. NAME: Charles Hardison Redd
ADDRESS: P.O.Box 278
La Sal UT 84530

INTEREST: 100%

B. PRIORITY OF CHANGE:

FILING DATE:

C. EVIDENCED BY: 05-6 (A2585)

* DESCRIPTION OF CURRENT WATER RIGHT: *

2. SOURCE INFORMATION.

A. QUANTITY OF WATER: 20.0 acre-feet

B. SOURCE: La Sal Creek

COUNTY: San Juan

C. POINT(S) OF DIVERSION.

POINT OF DIVERSION -- SURFACE:

(1) N 3.420 feet W 2.851 feet from SE corner, Section 07, T 28S, R 25E, SLBM

3. WATER USE INFORMATION.

IRRIGATION: from Apr 1 to Oct 31.

IRRIGATING: 5.0000 acres.

PRICE WATER RIGHTS

RECEIVED

MAY 05 2008

MAY 05 2008

RECEIVED

PRICE WATER RIGHTS

Temporary Change

4. PLACE OF USE.

(Which includes all or part of the following legal subdivisions:)

BASE	TOWN	RANG	SEC	NORTH-WEST 1/4				NORTH-EAST 1/4				SOUTH-WEST 1/4				SOUTH-EAST 1/4			
				NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE
SL	28S	25E	35				***					***	X	X	X	X	***		
SL	29S	24E	02				***					***	X				***		
			11			X	X	***		X	X	X	***				***		

*

*

THE FOLLOWING CHANGES ARE PROPOSED:

*

5. SOURCE INFORMATION.

A. QUANTITY OF WATER: 20.0 acre-feet

B. SOURCE: La Sal Creek (existing)

COUNTY: San Juan

C. POINT(S) OF DIVERSION. Changed as Follows:

POINT OF DIVERSION -- SURFACE:

(1) N 712 feet E 627 feet from SW corner, Section 08, T 28S, R 25E, SLBM

DIVERT WORKS: Existing Earthen Dams and Ditches

D. COMMON DESCRIPTION: 4 Mi NE of La Sal

6. WATER USE INFORMATION. Changed as Follows:

OTHER: from May 1 to Apr 30.

Drilling Work for Oil and Gas Wells, Road
Construction and Maintenance

7. PLACE OF USE. Changed as Follows:

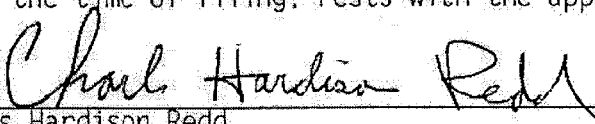
8. EXPLANATORY.

Proposed Wells in San Juan County for 2008

WELL	SEC.	T	RANGE	QQ
McKenna	02	29S	24E	SESE
NW Bullhorn 8-31	08	29S	24E	
Horn Fed	08	29S	26E	SENE
McKenna	11	29S	24E	SENE
McKenna 14-14	14	29S	24E	
Big Indian	27	29S	24E	NESE
Middle Mesa Fed	04	30S	25E	SESE of N2
Bull Horn Fed	09	30S	25E	NENE
Bull Horn Fed	10	30S	25E	NWSW
Big Horn Fed	14	30S	25E	SWNW
Bull Horn Fed	15	30S	25E	NENE

9. SIGNATURE OF APPLICANT(S).

The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application, through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained herein, at the time of filing, rests with the applicant(s).



Charles Hardison Redd

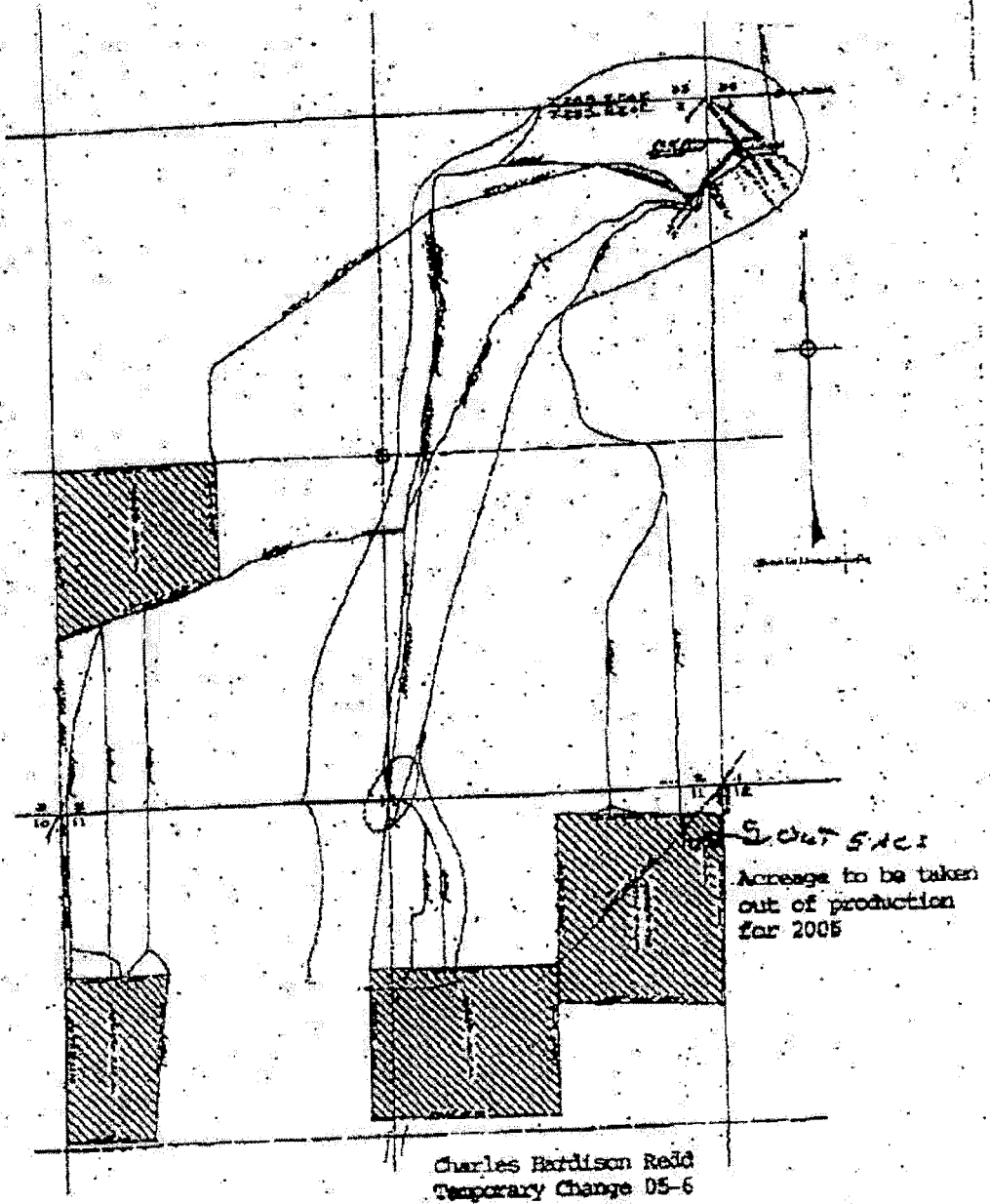
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MAY 05 2008
PRICE WATER RIGHTS

APPLICANTS MAP VERIFICATION STATEMENT

I/we, Charles Hardison Redd, hereby acknowledge that this map (or, the map attached to this application), consisting of 1 page(s) was prepared in support of Application Number C 6749 TALL RED. I/we hereby accept and submit this map as a true representation of the facts shown thereon to the best of my/our knowledge and belief.

X Ch H Redd

RECEIVED
MAY 05 2008
PRICE WATER RIGHTS



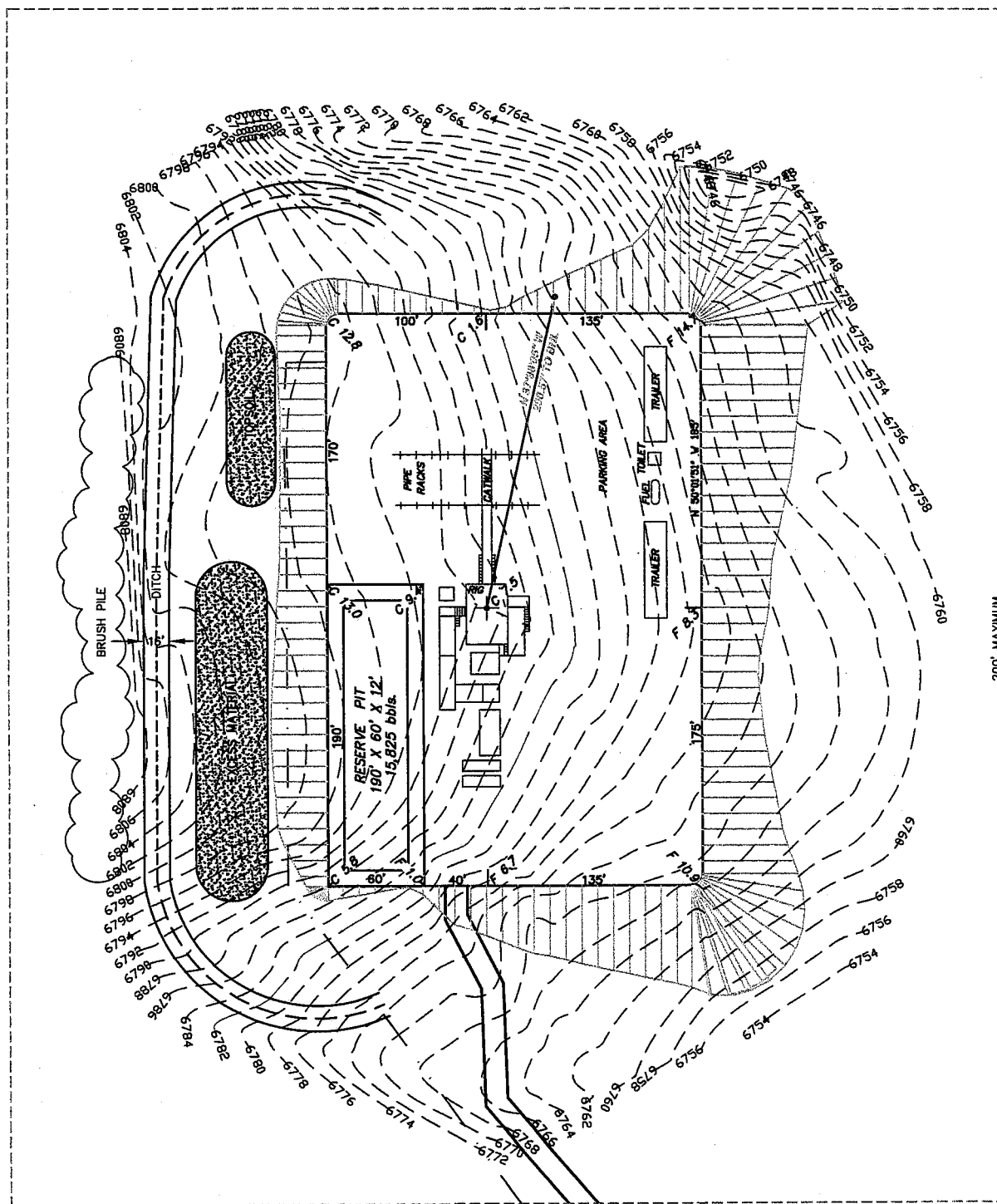
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WATER RIGHTS

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APR 18 2007

WATER RIGHTS
PRICE

UNGRADED ELEVATION: 6789.5'
 FINISHED ELEVATION: 6782.0'
 APPROX. PAD DISTURBANCE: 5.6± ACRES
 DRAINS TO COYOTE WASH



A

B

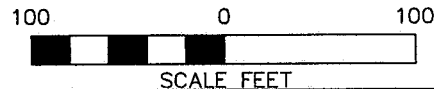
C

BEFORE DIGGING
 CALL FOR
 UTILITY LINE LOCATION
 NOTE: THE EARTH QUANTITIES ON
 THIS DRAWING ARE ESTIMATED
 AND THE USE OF IS AT THE
 RESPONSIBILITY OF THE USER.

EXHIBIT 2

PIPELINE PROPOSED

ACCESS ROAD

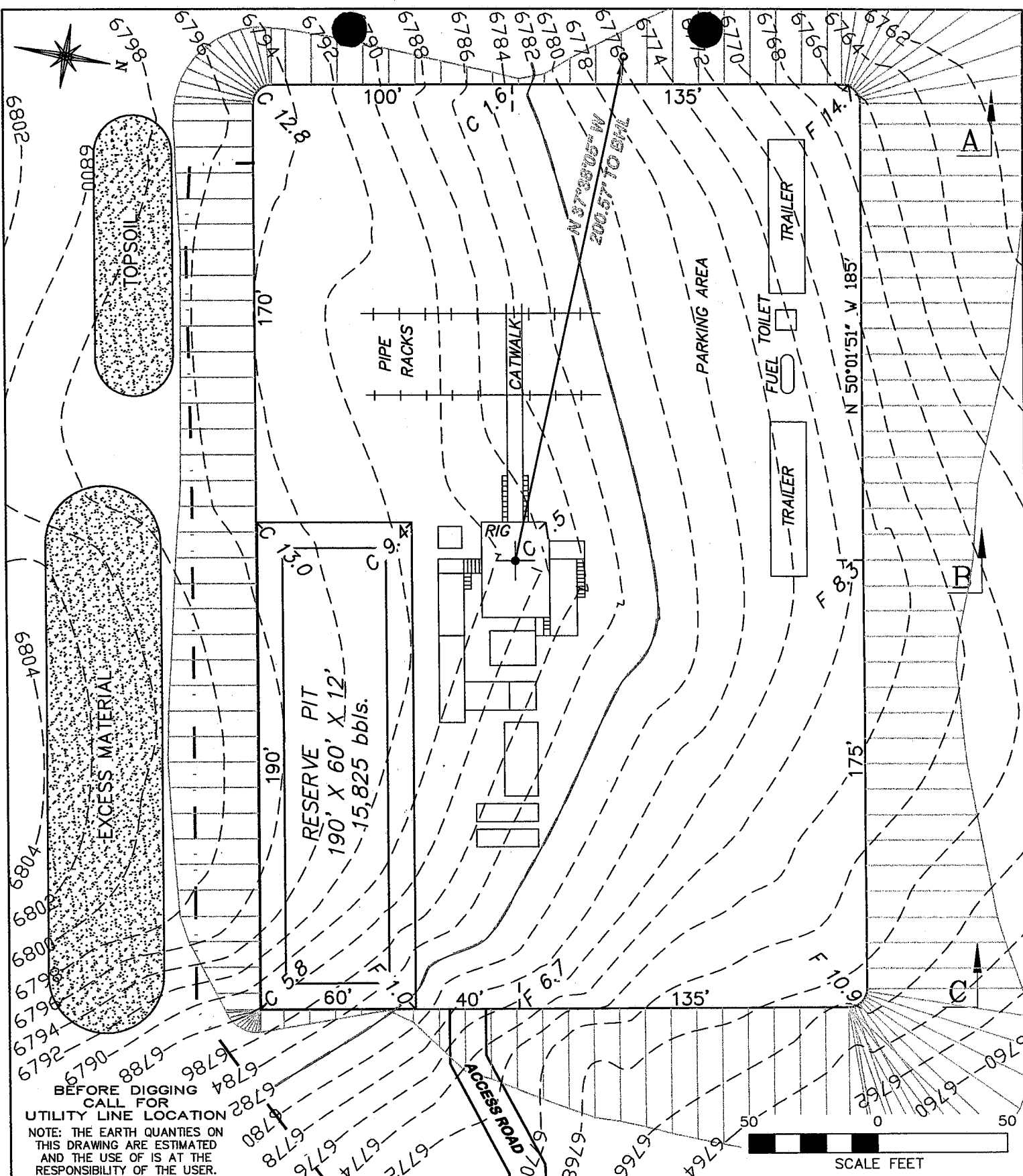


RIFFIN & ASSOCIATES, INC.

ENCANA OIL & GAS (USA) INC.
MIDDLE MESA FED 31-42-29-25

ESTIMATED EARTHWORK

1414 ELK ST., SUITE 202 ROCK SPRINGS, WY 82901 (307) 362-5028	SCALE: 1" = 100'	ITEM	CUT	FILL	TOPSOIL	EXCESS
	JOB No. 15792	PAD	11965 CY	9459 CY	1563 CY	943 CY
REVISED: PAD SIZE & PIPELINE	REVISED: 4/28/08 - KDA	PIT	3291 CY			3291 CY
		TOTALS	15256 CY	9459 CY	1563 CY	4234 CY



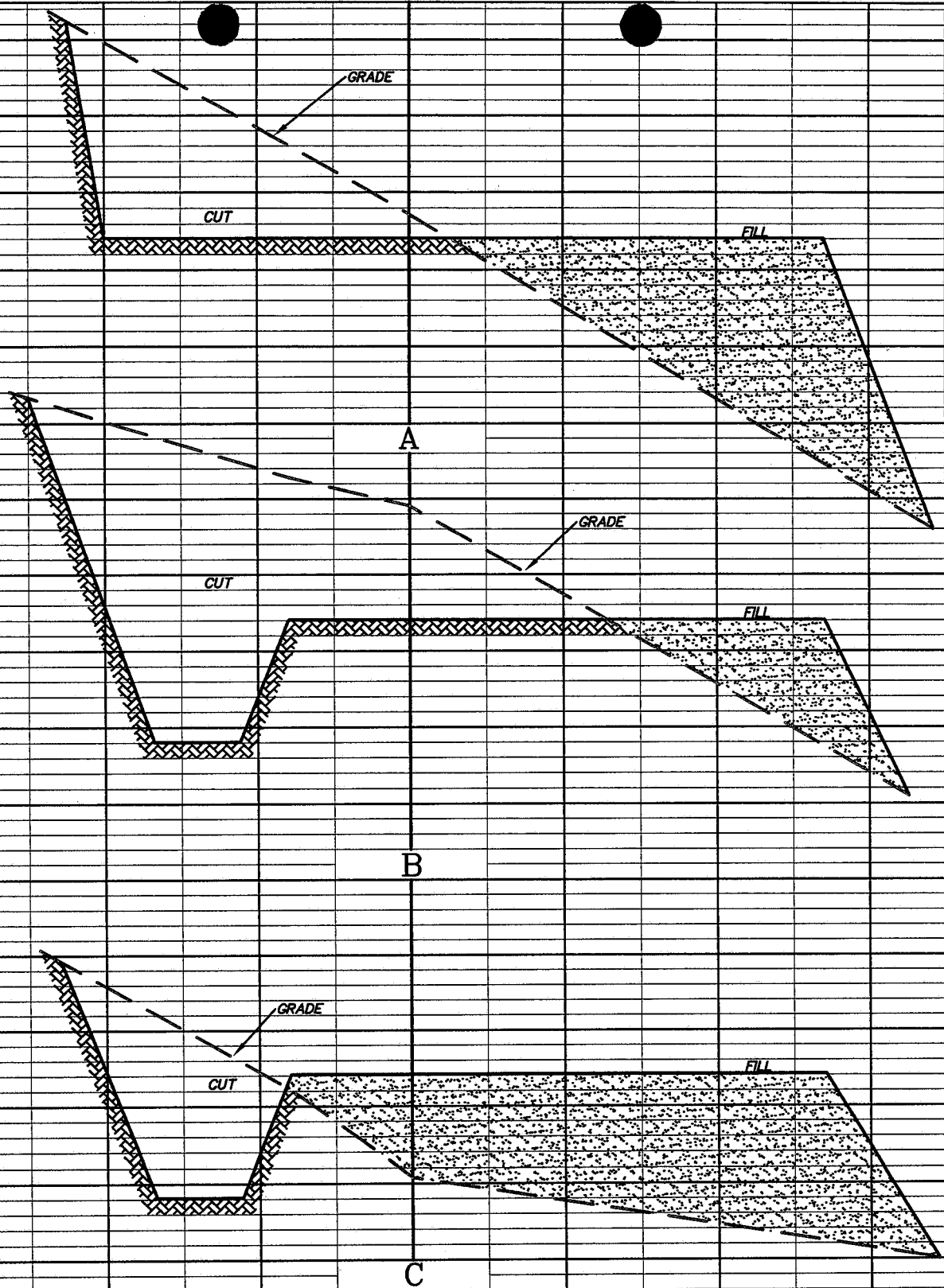
DRG

RIFFIN & ASSOCIATES, INC.
 1414 ELK ST., ROCK SPRINGS, WY 82901
 (307) 382-5028

DRAWN: 5/1/08 - KDA	SCALE: 1" = 50'
REVISED: NA	DRG JOB No. 15782
EXHIBIT 2A	

ENCANA OIL & GAS (USA) INC.
MIDDLE MESA FEDERAL 31-42-29-25

UNGRADED ELEVATION: 6789.5' FINISHED ELEVATION: 6782.0'
--



DRG RIFFIN & ASSOCIATES, INC.

**ENCANA OIL & GAS (USA) INC.
MIDDLE MESA FED 31-42-29-25**

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

JOB No. 15792

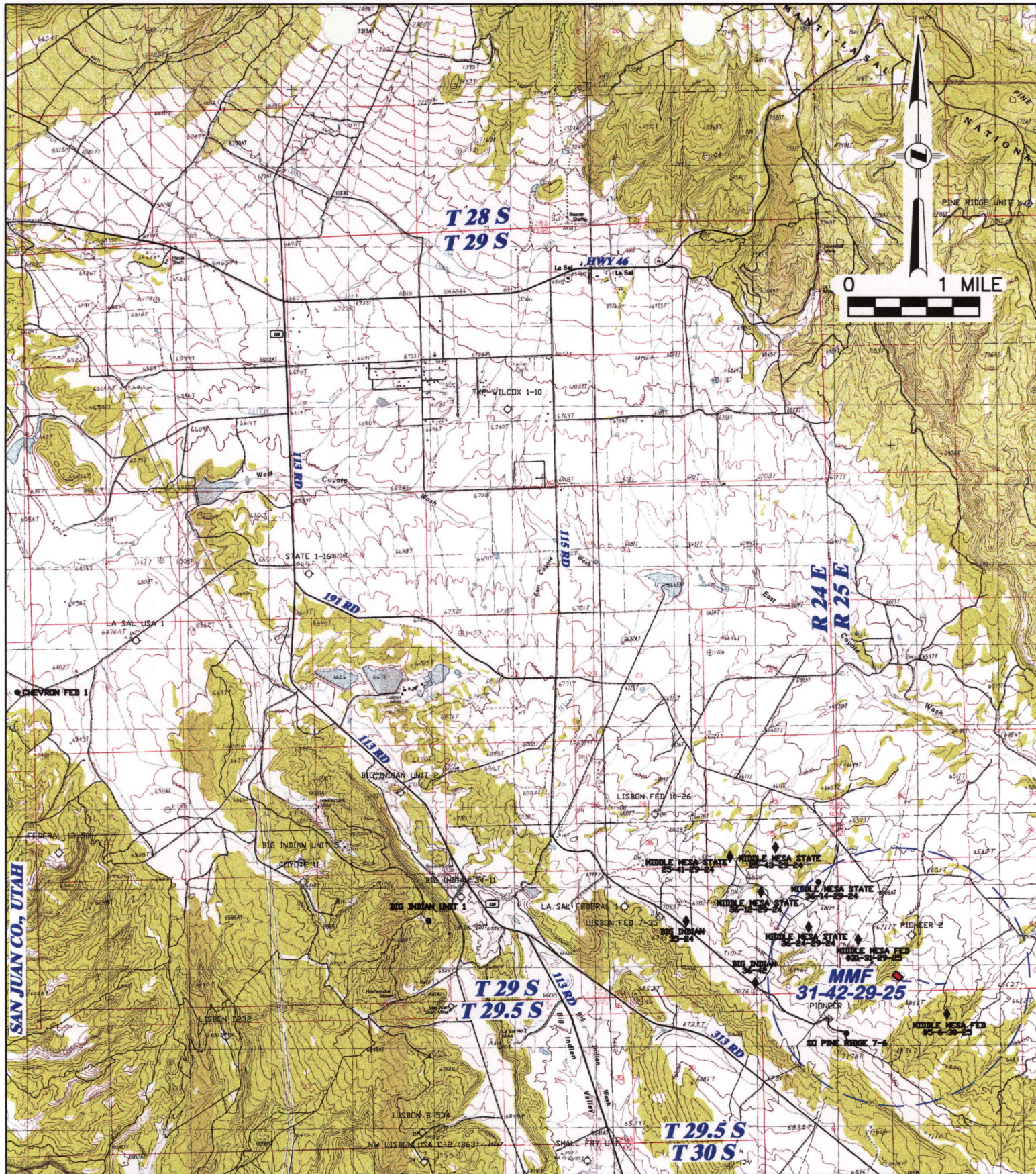
HORZ. 1" = 50' VERT. 1" = 10'

REVISED: PAD SIZE

REVISED: 4/28/08 - KDA

**UNGRADED ELEVATION: 6789.5'
FINISHED ELEVATION: 6782.0'**

EXHIBIT 3



1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 1 MILE

JOB No. 15792

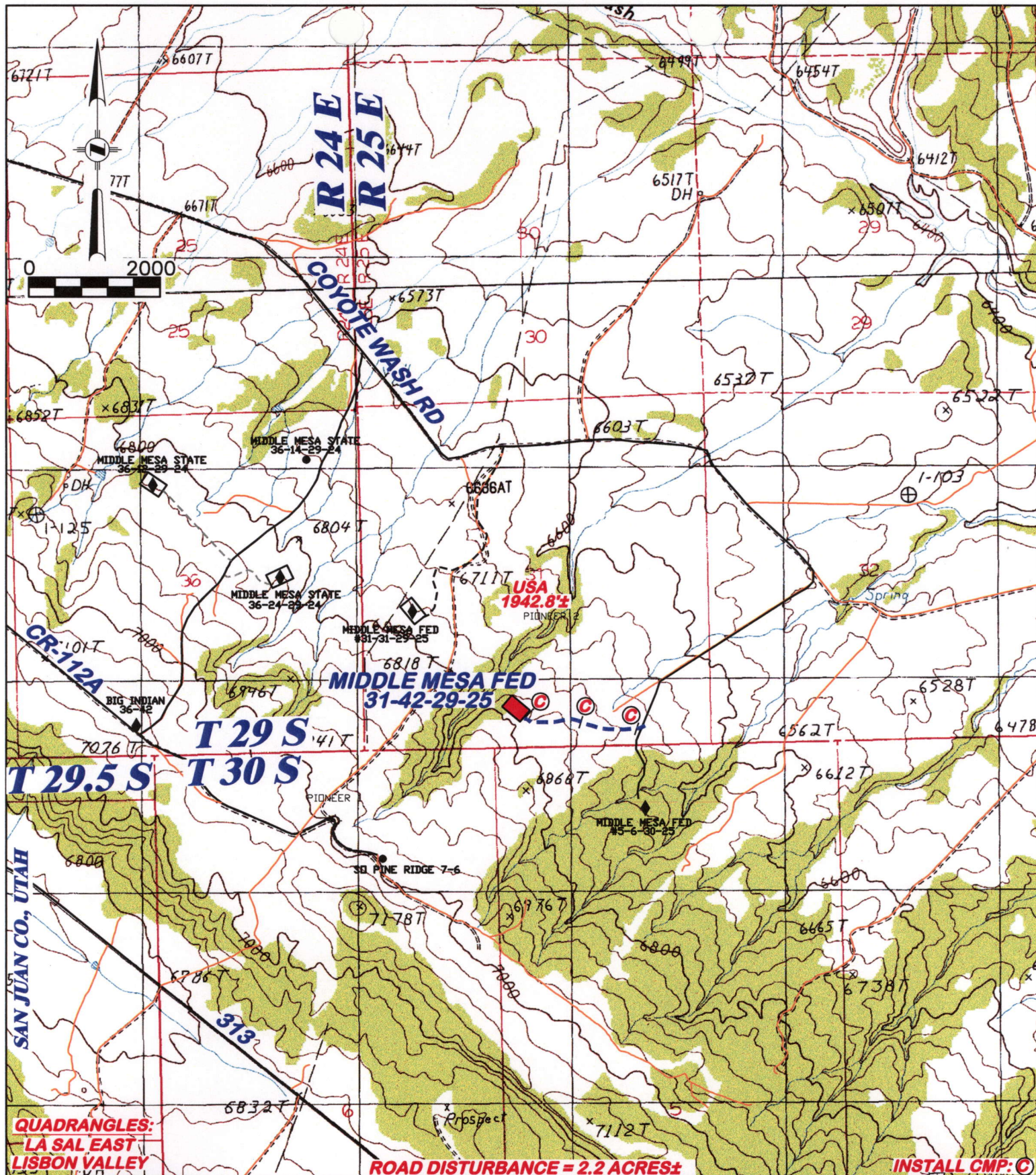
REVISED: 4/28/08 - KDA

**PROPOSED ACCESS FOR
ENCANA OIL & GAS (USA) INC.
MIDDLE MESA FED 31-42-29-25**

EXISTING ROAD —————
PROPOSED ACCESS - - - - -

**TOPO
A**

REVISED: PAD SIZE & PIPELINE



RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 2000'

JOB No. 15792

REVISED: PAD SIZE & PIPELINE

REVISED: 4/28/08 - KDA

**PROPOSED ACCESS ROAD FOR
ENCANA OIL & GAS (USA) INC.
MIDDLE MESA FED 31-42-29-25**

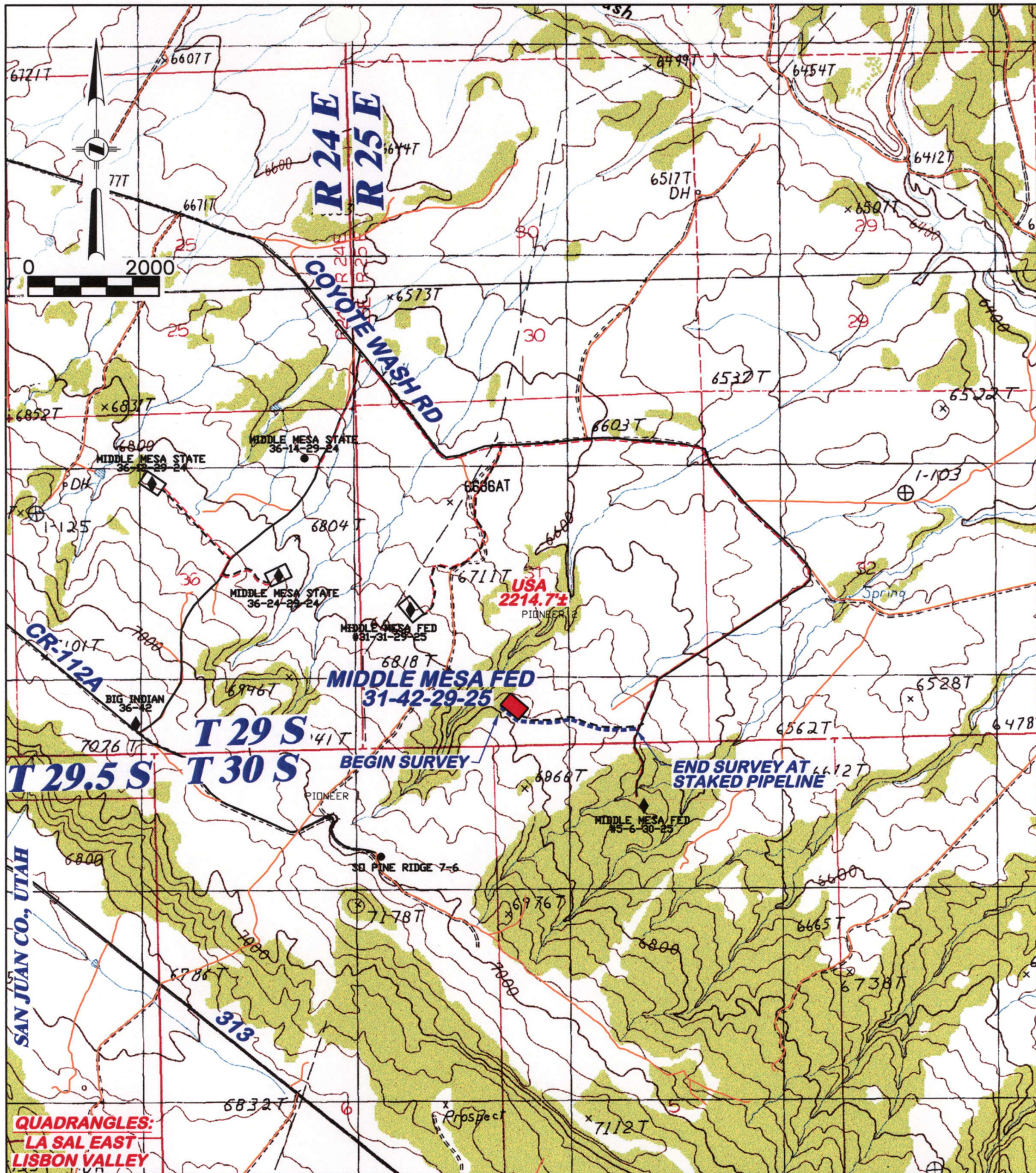
TOTAL PROPOSED LENGTH: 1,942.8'




EXISTING ROAD

PROPOSED ROAD



**TOPO MAP
B**



 RIFFIN & ASSOCIATES, INC.		PROPOSED PIPELINE FOR ENCANA OIL & GAS (USA) INC. MIDDLE MESA FED 31-42-29-25	
1414 ELK ST., SUITE 202 ROCK SPRINGS, WY 82901 (307) 362-5028	SCALE: 1" = 2000'	TOTAL PROPOSED LENGTH: 2214.7'	
	JOB No. 15792	EXISTING ROAD 	TOPO MAP C
REVISED: PAD SIZE & PIPELINE	REVISED: 4/28/08 - KDA	PROPOSED PIPELINE 	

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/02/2008

API NO. ASSIGNED: 43-037-31895

WELL NAME: MIDDLE MESA FED 31-42-29-25

OPERATOR: ENCANA OIL & GAS (USA) (N2175)

PHONE NUMBER: 720-876-5339

CONTACT: JEVIN CROTEAU

PROPOSED LOCATION:

SESW 31 290S 250E

SURFACE: 0557 FSL 2344 FWL

BOTTOM: 0719 FSL 2226 FWL

COUNTY: SAN JUAN

LATITUDE: 38.23184 LONGITUDE: -109.2092

UTM SURF EASTINGS: 656742 NORTHINGS: 4232848

FIELD NAME: SOUTH PINE RIDGE (457)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: U-16575

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: HATCH

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. RLB0001191)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 05-6)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

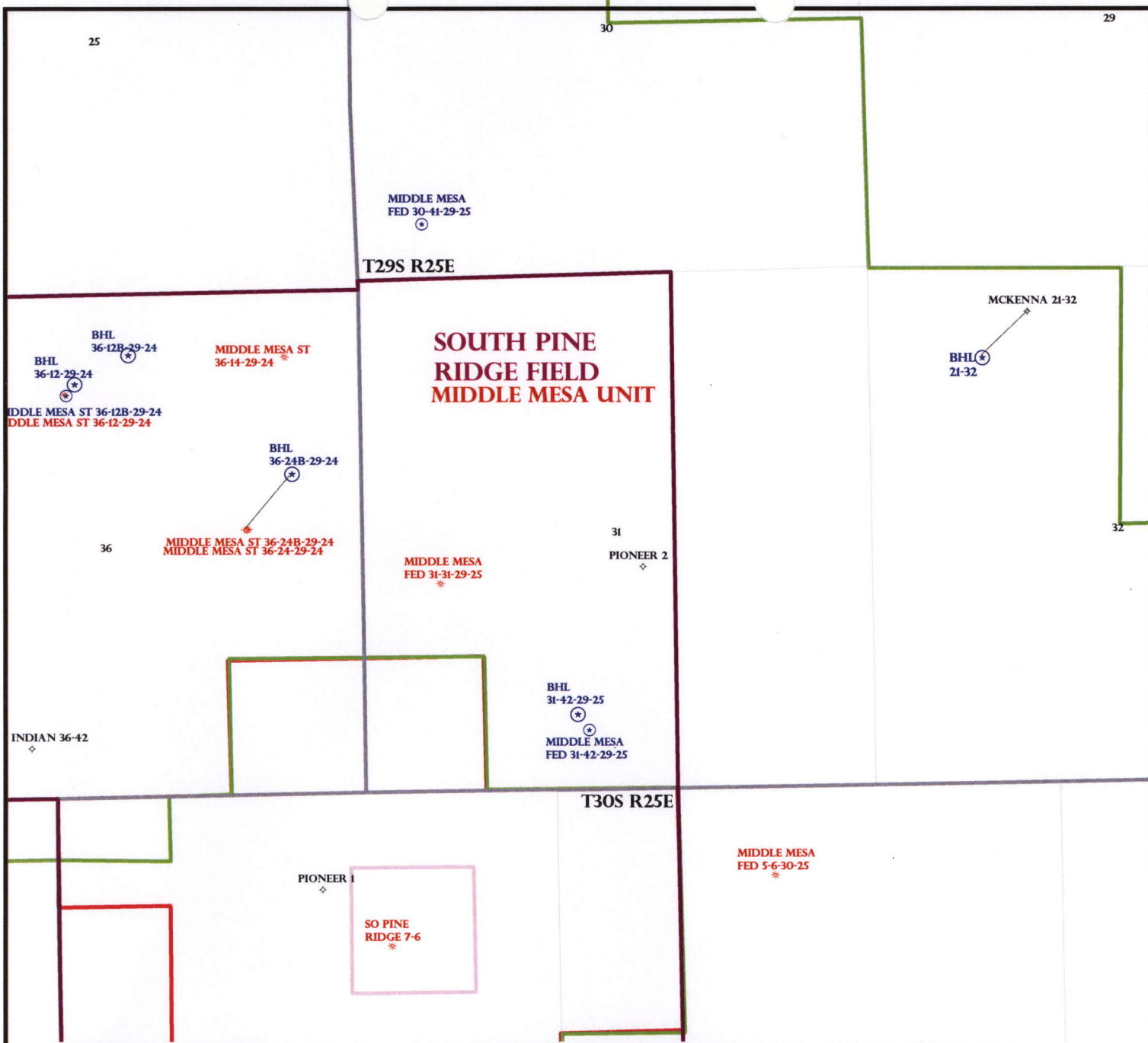
LOCATION AND SITING:

_____ R649-2-3.
Unit: MIDDLE MESA *ec*
_____ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
_____ R649-3-3. Exception
_____ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
☒ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Federal Approval
2- Spacing Styr



OPERATOR: ENCANA O&G INC (N2175)

SEC: 31 T.29S R. 25E

FIELD: SOUTH PINE RIDGE (457)

COUNTY: SAN JUAN

SPACING: R649-3-11 / DIRECTIONAL DRILLING

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



PREPARED BY: DIANA MASON
DATE: 16-JULY-2008



EnCana Oil & Gas (USA) Inc.

EnCana Oil & Gas (USA) Inc. tel: 720-876-5339
370 – 17th Street
Suite 1700 fax: 720-876-6339
Denver, CO 80202

www.encana.com

June 30, 2008

Diana Mason
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

RE: Middle Mesa Fed 31-42-29-25
Section 31, T29S R25E
San Juan County, UT

Dear Ms. Mason:

EnCana Oil & Gas (USA) Inc. is requesting approval to directionally drill the subject well per the Utah Department of Natural Resources, Division of Oil, Gas and Mining Applicable Rules R649-3-11. Please find the following information as required for our proposed Middle Mesa Fed 31-42-29-25 well:

- EnCana Oil & Gas (USA) Inc., Pioneer Oil & Gas and HHC Exploration, Inc own all oil & gas within 460' of the intended well bore. Letters of Consent attached.
- Surface and Bottom Hole are located on Federal Lease No. U-16575 and within the Middle Mesa Unit.
- SESW, Section 31, T29S R25E, San Juan County, Utah.
- Location plat with surface and bottom hole locations is attached.
- Middle Mesa Unit map attached
- Proposed Directional Report attached.

EnCana is drilling this well as a directional well do to topographical and geologic conditions above the bottom hole target The BLM is aware of EnCana's surface and bottom hole locations as proposed for the subject well.

If you have any questions or need additional information, I can be reached at (720) 876-5339.

Sincerely,

Jevin Croteau
Regulatory Analyst

Attachment

RECEIVED

JUL 03 2008

DIV. OF OIL, GAS & MINING

06/09/2008 04:34 PM

encana oil and gas 7200763217 2/3

ENCANA**Encana Oil & Gas (USA) Inc.**370 17th Street
Suite 1700
Denver, CO 80202tel: (303) 623-2300
fax: (303) 623-2400
www.encana.com

June 9, 2008

Pioneer Oil & Gas
1206 W. South Jordan Parkway, Unit B.
South Jordan, UT 84095-5512
Attn: Mr. Gregg ColtonRe: Directional Drilling Consent - Middle Mesa Federal 31-42-29-25
2344' FWL, 557' FSL (surface location)
2226' FWL, 719' FSL (bottom hole location)
Section 31-T29S-R2SE
San Juan County, Utah

Dear Mr. Colton:

Encana Oil & Gas (USA) Inc. proposes the drilling of the above captioned well. Due to topographical and geological concerns, the location for this well will require a directional drilling consent pursuant to the requirements of the Utah Oil & Gas Conservation Rules R649-3-11.

The proposed surface location is at 2344' FWL and 557' FSL, and bottom hole location at 2226' FWL and 719' FSL, in Section 31, Township 29 South, Range 25 East, San Juan County, Utah.

In accordance with the above reference rules, please indicate your consent to the directional drilling of the Middle Mesa Federal 31-42-29-25 well by signing in the space provided below and returning one signed original to the undersigned. For your convenience, and also to expedite this process, please also send a copy via fax to (720) 876-6026. Enclosed is a copy of the survey plat for the above reference well. Please call me at (720) 876-5026 if you have any questions or concerns.

Sincerely,
ENCANA OIL & GAS (USA) INC.Emily Conrad
Land NegotiatorDirectional Drilling Consent for the Middle Mesa Federal 31-42-29-25 well is hereby approved
this 30th day of June, 2008.By: Title: Vice PresidentPhone: (801) 566-3000

RECEIVED

JUL 03 2008

DIV. OF OIL, GAS & MINING

ENCANA**Encana Oil & Gas (USA) Inc.**370 17th Street
Suite 1700
Denver, CO 80202tel: (303) 823-2300
fax: (303) 823-2400
www.encana.com

June 9, 2008

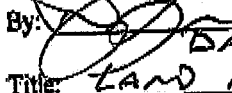
Harry H. Cullen
c/o HHC Exploration, Inc.
P.O. Box 3331
Houston, TX 77253-3331
Attn: Mr. Danny LewisRe: Directional Drilling Consent - Middle Mesa Federal 31-42-29-25
2344' FWL, 557' FSL (surface location)
2226' FWL, 719' FSL (bottom hole location)
Section 31-T29S-R25E
San Juan County, Utah

Dear Mr. Lewis:

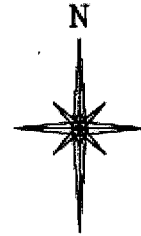
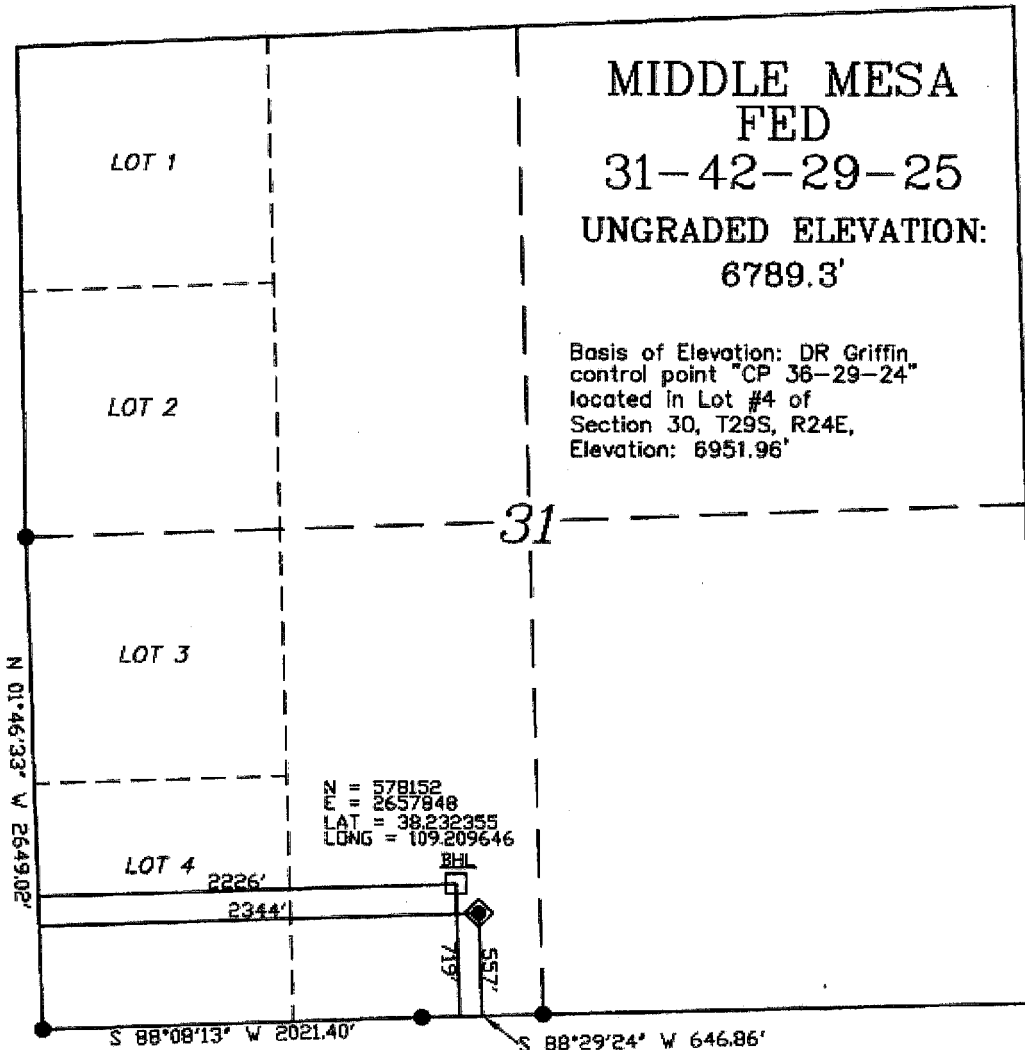
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Sincerely,
ENCANA OIL & GAS (USA) INC.Emily Conrad
Land NegotiatorDirectional Drilling Consent for the Middle Mesa Federal 31-42-29-25 well is hereby approved
this 10th day of JUNE, 2008.By: 
Title: LAND MGR.Phone: 713-651-8950

R. 25 E.



SCALE: 1" = 1000'

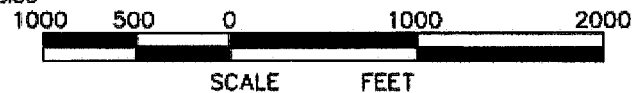
T. 29 S.

LATITUDE (NAD27)
NORTH 38.231911 DEG.
LONGITUDE (NAD27)
WEST 109.209233 DEG.

LATITUDE (NAD83)
NORTH 38.231900 DEG.
LONGITUDE (NAD83)
WEST 109.209899 DEG.

NORTHING
577993.31
EASTING
2657970.24

BASIS OF BEARING/DATUM
SPCS UT SOUTH (NAD 27)



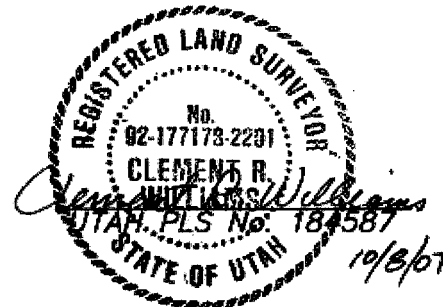
SURVEYOR'S STATEMENT

I, Brian L. Forbes, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on AUGUST 06, 2007, and it correctly shows the location of MIDDLE MESA FEDERAL 31-42-29-25.

NOTES

- ◆ WELL LOCATION
- FOUND MONUMENT (BC)
- BOTTOM HOLE LOCATION

EXHIBIT 1



DRG RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

ADDED BHL

SCALE: 1" = 1000'

JOB No. 15792

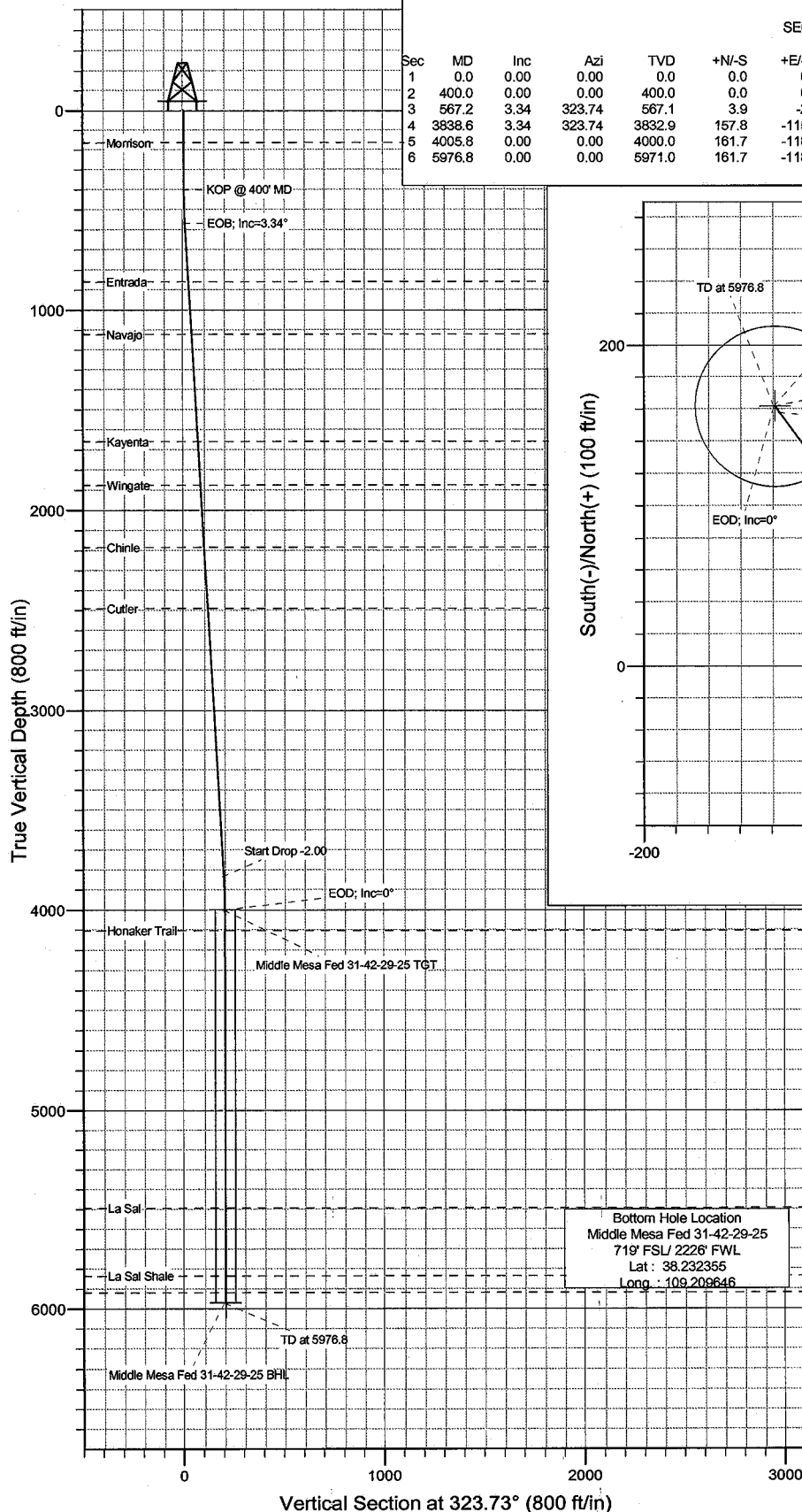
REVISED: 10/07/07

**PLAT OF DRILLING LOCATION
FOR
ENCANA OIL & GAS (USA) INC.**

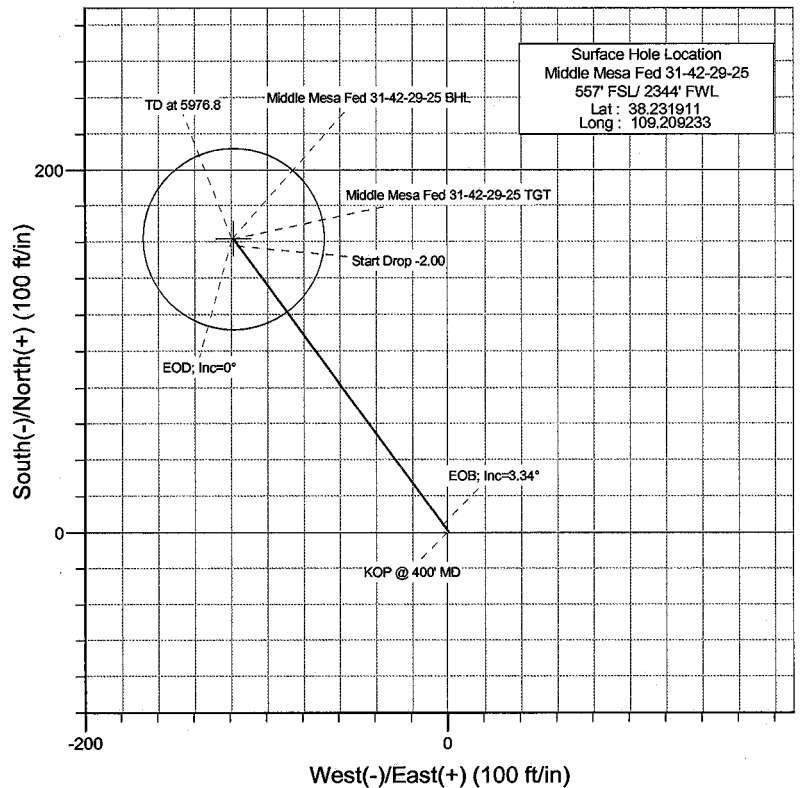
**557' F/SL & 2344' F/WL, SECTION 25,
T. 29 S., R. 24 E., SALT LAKE B.M.
SAN JUAN COUNTY, UTAH**



Project: Paradox (Nad 27)
 Site: SWSW S25-T29-R24E
 Well: Middle Mesa Fed 31-42-29-25
 Wellbore: DD
 Design: Plan #1



SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	400.0	0.00	0.00	400.0	0.0	0.0	0.00	0.00	0.0	
3	567.2	3.34	323.74	567.1	3.9	-2.9	2.00	323.74	4.9	
4	3838.6	3.34	323.74	3832.9	157.8	-115.7	0.00	0.00	195.7	
5	4005.8	0.00	0.00	4000.0	161.7	-118.6	2.00	180.00	200.5	Middle Mesa Fed 31-42-29-25 TGT
6	5976.8	0.00	0.00	5971.0	161.7	-118.6	0.00	0.00	200.5	Middle Mesa Fed 31-42-29-25 BHL



Azimuths to True North
 Magnetic North: 11.09°

Magnetic Field
 Strength: 51729.1snT
 Dip Angle: 64.54°
 Date: 2/11/2008
 Model: IGRF200510

FORMATION TOP DETAILS

TVDPath	MDPath	Formation
167.0	167.0	Morrison
861.0	861.6	Entrada
1124.0	1125.0	Navajo
1661.0	1663.0	Kayenta
1877.0	1879.3	Wingate
2184.0	2186.9	Chinle
2492.0	2495.4	Cutler
4105.0	4110.8	Honaker Trail
5495.0	5500.8	La Sal
5836.0	5841.8	La Sal Shale
5921.0	5926.8	Hatch

DESIGN DETAILS: Plan #1

85XXX; BAO
 KBE @ 6815.0ft (Original Well Elev)

Target	Azimuth	Origin	N/S	E/W From TVD
Middle Mesa Fed 31-42-29-25 BHL	323.73	Slot	0.0	0.0 0.0

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Project	Paradox (Nad 27)		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	Utah South 4303		

Site	SWSW S25-T29-R24E		
Site Position:		Northing:	577,993.43 ft
From:	Lat/Long	Easting:	2,657,970.33 ft
Position Uncertainty:	0.0 ft	Slot Radius:	"
		Latitude:	38.2319110
		Longitude:	-109.2092330
		Grid Convergence:	1.40 °

Well	Middle Mesa Fed 31-42-29-25		
Well Position	+N/-S	0.0 ft	Northing: 577,993.42 ft
	+E/-W	0.0 ft	Easting: 2,657,970.33 ft
Position Uncertainty	0.0 ft	Wellhead Elevation:	ft
		Latitude:	38.2319110
		Longitude:	-109.2092330
		Ground Level:	6,795.0 ft

Wellbore	DD		
Magnetics	Model Name	Sample Date	Declination
	IGRF200510	2/11/2008	(°)
			11.10
			Dip Angle
			(°)
			64.54
			Field Strength
			(nT)
			51,729

Design	Plan #1		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth: 0.0
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0.0	0.0	0.0
			Direction
			(°)
			323.73

Plan Sections										
Measured	Inclination	Azimuth	Vertical	+N/-S	+E/-W	Dogleg	Build	Turn	TFO	Target
Depth	(°)	(°)	Depth	(ft)	(ft)	Rate	Rate	Rate	(°)	
(ft)			(ft)			(°/100ft)	(°/100ft)	(°/100ft)		
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
400.0	0.00	0.00	400.0	0.0	0.0	0.00	0.00	0.00	0.00	
567.2	3.34	323.74	567.1	3.9	-2.9	2.00	2.00	0.00	323.74	
3,838.6	3.34	323.74	3,832.9	157.8	-115.7	0.00	0.00	0.00	0.00	
4,005.8	0.00	0.00	4,000.0	161.7	-118.6	2.00	-2.00	0.00	180.00	Middle Mesa Fed 31-4
5,976.8	0.00	0.00	5,971.0	161.7	-118.6	0.00	0.00	0.00	0.00	Middle Mesa Fed 31-4

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Comments / Formations
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	
167.0	0.00	0.00	167.0	0.0	0.0	0.0	0.00	0.00	Morrison
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	KOP @ 400' MD
500.0	2.00	323.74	500.0	1.4	-1.0	1.7	2.00	2.00	
567.2	3.34	323.74	567.1	3.9	-2.9	4.9	2.00	2.00	EOB; Inc=3.34°
600.0	3.34	323.74	599.8	5.5	-4.0	6.8	0.00	0.00	
700.0	3.34	323.74	699.7	10.2	-7.5	12.6	0.00	0.00	
800.0	3.34	323.74	799.5	14.9	-10.9	18.5	0.00	0.00	
861.6	3.34	323.74	861.0	17.8	-13.0	22.0	0.00	0.00	Entrada
900.0	3.34	323.74	899.3	19.6	-14.4	24.3	0.00	0.00	
1,000.0	3.34	323.74	999.2	24.3	-17.8	30.1	0.00	0.00	
1,100.0	3.34	323.74	1,099.0	29.0	-21.3	35.9	0.00	0.00	
1,125.0	3.34	323.74	1,124.0	30.2	-22.1	37.4	0.00	0.00	Navajo
1,200.0	3.34	323.74	1,198.8	33.7	-24.7	41.8	0.00	0.00	
1,300.0	3.34	323.74	1,298.7	38.4	-28.2	47.6	0.00	0.00	
1,400.0	3.34	323.74	1,398.5	43.1	-31.6	53.4	0.00	0.00	
1,500.0	3.34	323.74	1,498.3	47.8	-35.1	59.3	0.00	0.00	
1,600.0	3.34	323.74	1,598.1	52.5	-38.5	65.1	0.00	0.00	
1,663.0	3.34	323.74	1,661.0	55.5	-40.7	68.8	0.00	0.00	Kayenta
1,700.0	3.34	323.74	1,698.0	57.2	-42.0	70.9	0.00	0.00	
1,800.0	3.34	323.74	1,797.8	61.9	-45.4	76.8	0.00	0.00	
1,879.3	3.34	323.74	1,877.0	65.6	-48.1	81.4	0.00	0.00	Wingate
1,900.0	3.34	323.74	1,897.6	66.6	-48.9	82.6	0.00	0.00	
2,000.0	3.34	323.74	1,997.5	71.3	-52.3	88.4	0.00	0.00	
2,100.0	3.34	323.74	2,097.3	76.0	-55.8	94.3	0.00	0.00	
2,186.9	3.34	323.74	2,184.0	80.1	-58.7	99.3	0.00	0.00	Chinle
2,200.0	3.34	323.74	2,197.1	80.7	-59.2	100.1	0.00	0.00	
2,300.0	3.34	323.74	2,297.0	85.4	-62.6	105.9	0.00	0.00	
2,400.0	3.34	323.74	2,396.8	90.1	-66.1	111.8	0.00	0.00	
2,495.4	3.34	323.74	2,492.0	94.6	-69.4	117.3	0.00	0.00	Cutler
2,500.0	3.34	323.74	2,496.6	94.8	-69.5	117.6	0.00	0.00	
2,600.0	3.34	323.74	2,596.4	99.5	-73.0	123.4	0.00	0.00	
2,700.0	3.34	323.74	2,696.3	104.2	-76.4	129.3	0.00	0.00	
2,800.0	3.34	323.74	2,796.1	108.9	-79.9	135.1	0.00	0.00	
2,900.0	3.34	323.74	2,895.9	113.6	-83.3	140.9	0.00	0.00	
3,000.0	3.34	323.74	2,995.8	118.3	-86.8	146.8	0.00	0.00	
3,100.0	3.34	323.74	3,095.6	123.0	-90.2	152.6	0.00	0.00	
3,200.0	3.34	323.74	3,195.4	127.7	-93.7	158.4	0.00	0.00	
3,300.0	3.34	323.74	3,295.3	132.4	-97.1	164.2	0.00	0.00	
3,400.0	3.34	323.74	3,395.1	137.1	-100.6	170.1	0.00	0.00	
3,500.0	3.34	323.74	3,494.9	141.8	-104.0	175.9	0.00	0.00	
3,600.0	3.34	323.74	3,594.7	146.5	-107.5	181.7	0.00	0.00	
3,700.0	3.34	323.74	3,694.6	151.3	-110.9	187.6	0.00	0.00	
3,800.0	3.34	323.74	3,794.4	156.0	-114.4	193.4	0.00	0.00	
3,838.6	3.34	323.74	3,832.9	157.8	-115.7	195.7	0.00	0.00	Start Drop -2.00
3,900.0	2.12	323.74	3,894.3	160.1	-117.4	198.6	2.00	-2.00	
4,000.0	0.12	323.74	3,994.2	161.7	-118.6	200.5	2.00	-2.00	
4,005.8	0.00	0.00	4,000.0	161.7	-118.6	200.5	2.00	-2.00	EOD; Inc=0° - Middle Mesa Fed 31-42-29-25 T
4,100.0	0.00	0.00	4,094.2	161.7	-118.6	200.5	0.00	0.00	

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
Project: Paradox (Nad 27)
Site: SWSW S25-T29-R24E
Well: Middle Mesa Fed 31-42-29-25
Wellbore: DD
Design: Plan #1

Local Co-ordinate Reference: Well Middle Mesa Fed 31-42-29-25
TVD Reference: KBE @ 6815.0ft (Original Well Elev)
MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Comments / Formations
4,110.8	0.00	0.00	4,105.0	161.7	-118.6	200.5	0.00	0.00	Honaker Trail
4,200.0	0.00	0.00	4,194.2	161.7	-118.6	200.5	0.00	0.00	
4,300.0	0.00	0.00	4,294.2	161.7	-118.6	200.5	0.00	0.00	
4,400.0	0.00	0.00	4,394.2	161.7	-118.6	200.5	0.00	0.00	
4,500.0	0.00	0.00	4,494.2	161.7	-118.6	200.5	0.00	0.00	
4,600.0	0.00	0.00	4,594.2	161.7	-118.6	200.5	0.00	0.00	
4,700.0	0.00	0.00	4,694.2	161.7	-118.6	200.5	0.00	0.00	
4,800.0	0.00	0.00	4,794.2	161.7	-118.6	200.5	0.00	0.00	
4,900.0	0.00	0.00	4,894.2	161.7	-118.6	200.5	0.00	0.00	
5,000.0	0.00	0.00	4,994.2	161.7	-118.6	200.5	0.00	0.00	
5,100.0	0.00	0.00	5,094.2	161.7	-118.6	200.5	0.00	0.00	La Sal
5,200.0	0.00	0.00	5,194.2	161.7	-118.6	200.5	0.00	0.00	
5,300.0	0.00	0.00	5,294.2	161.7	-118.6	200.5	0.00	0.00	
5,400.0	0.00	0.00	5,394.2	161.7	-118.6	200.5	0.00	0.00	
5,500.0	0.00	0.00	5,494.2	161.7	-118.6	200.5	0.00	0.00	
5,500.8	0.00	0.00	5,495.0	161.7	-118.6	200.5	0.00	0.00	
5,600.0	0.00	0.00	5,594.2	161.7	-118.6	200.5	0.00	0.00	
5,700.0	0.00	0.00	5,694.2	161.7	-118.6	200.5	0.00	0.00	
5,800.0	0.00	0.00	5,794.2	161.7	-118.6	200.5	0.00	0.00	
5,841.8	0.00	0.00	5,836.0	161.7	-118.6	200.5	0.00	0.00	La Sal Shale
5,900.0	0.00	0.00	5,894.2	161.7	-118.6	200.5	0.00	0.00	
5,926.8	0.00	0.00	5,921.0	161.7	-118.6	200.5	0.00	0.00	Hatch
5,976.8	0.00	0.00	5,971.0	161.7	-118.6	200.5	0.00	0.00	Middle Mesa Fed 31-42-29-25 BHL

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Middle Mesa Fed 31-42- - plan hits target - Circle (radius 50.0)	0.00	0.00	4,000.0	161.7	-118.6	578,152.17	2,657,847.81	38.2323550	-109.2096459
Middle Mesa Fed 31-42- - plan hits target - Circle (radius 50.0)	0.00	0.00	5,971.0	161.7	-118.6	578,152.16	2,657,847.77	38.2323550	-109.2096460

Cathedral Energy Services

Planning Report

Database: EDM 2003.16 US Multi User Db
Company: EnCana Oil & Gas (USA) Inc
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Site: SWSW S25-T29-R24E
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MD Reference: KBE @ 6815.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
167.0	167.0	Morrison			
861.6	861.0	Entrada			
1,125.0	1,124.0	Navajo			
1,663.0	1,661.0	Kayenta			
1,879.3	1,877.0	Wingate			
2,186.9	2,184.0	Chinle			
2,495.4	2,492.0	Cutler			
4,110.8	4,105.0	Honaker Trail			
5,500.8	5,495.0	La Sal			
5,841.8	5,836.0	La Sal Shale			
5,926.8	5,921.0	Hatch			

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment
		+N/-S (ft)	+E/-W (ft)	
400.0	400.0	0.0	0.0	KOP @ 400' MD
567.2	567.1	3.9	-2.9	EOB; Inc=3.34°
3,838.6	3,832.9	157.8	-115.7	Start Drop -2.00
4,005.8	4,000.0	161.7	-118.6	EOD; Inc=0°
5,976.8	5,971.0	161.7	-118.6	TD at 5976.8

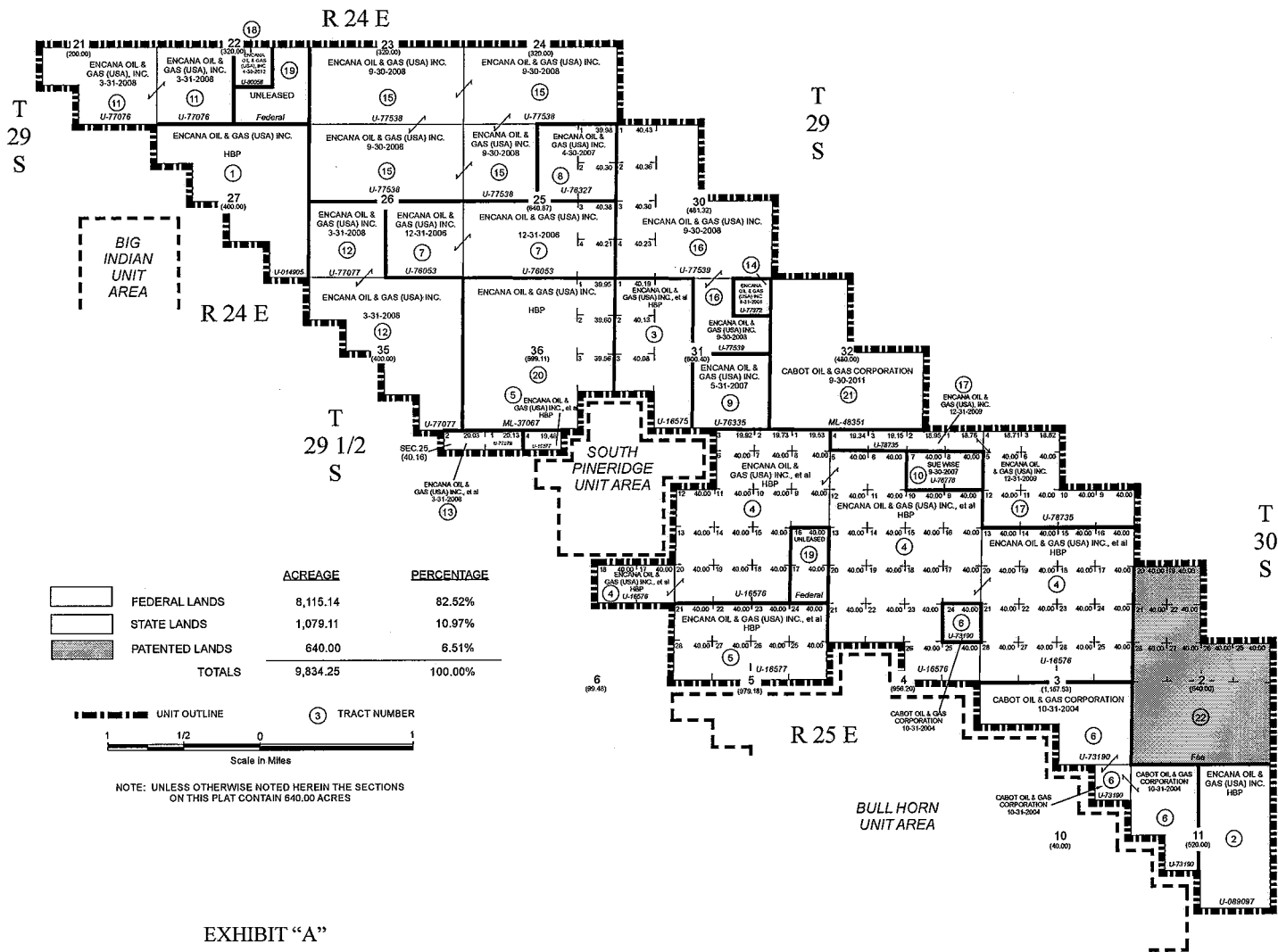


EXHIBIT "A"

MIDDLE MESA UNIT AREA

SAN JUAN COUNTY, UTAH

ENCANA OIL & GAS (USA) INC.
DENVER, COLORADO



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 16, 2008

Encana Oil & Gas (USA) Inc.
370-17th St., Ste. 1700
Denver, CO 80202

Re: Middle Mesa Fed 31-42-29-25 Well, Surface Location 557' FSL, 2344' FWL, SE SW,
Sec. 31, T. 29 South, R. 25 East, Bottom Location 719' FSL, 2226' FWL, SE SW,
Sec. 31, T. 29 South, R. 25 East, San Juan County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-037-31895.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: San Juan County Assessor
Bureau of Land Management, Moab Office



Operator: Encana Oil & Gas (USA) Inc.
Well Name & Number Middle Mesa Fed 31-42-29-25
API Number: 43-037-31895
Lease: U-16575

Surface Location: SE SW Sec. 31 T. 29 South R. 25 East
Bottom Location: SE SW Sec. 31 T. 29 South R. 25 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.
5. In accordance with Utah Admin. R. 649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.
6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: U-16575
2. NAME OF OPERATOR: EnCana Oil & Gas (USA) Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 370 17th St, Suite 1700 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: Middle Mesa Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 557' FSL & 2344' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 31 29S 25E S		8. WELL NAME and NUMBER: Middle Mesa Fed 31-42-29-25
PHONE NUMBER: (720) 876-5339		9. API NUMBER: 4303731895
COUNTY: San Juan		10. FIELD AND POOL, OR WILDCAT: South Pine Ridge
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Request APD Extension
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

EnCana Oil & Gas (USA) Inc. is requesting an extension on our approved Application for Permit to Drill for the subject well. Nothing has changed on the approved application.

Please find the APD Request for Permit Extension Validation Form attached as required.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-14-09
By: [Signature]

COPY SENT TO OPERATOR

Date: 7-14-2009
Initials: KS

NAME (PLEASE PRINT) Jevin Croteau	TITLE Regulatory Analyst
SIGNATURE [Signature]	DATE 7/8/09

(This space for State use only)

RECEIVED
JUL 14 2009
DIV. OF OIL, GAS & MINING



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4303731895
Well Name: Middle Mesa Fed 31-42-29-25
Location: 557' FSL & 2344' FWL, Sec. 31 T29S, R25E, SLPM
Company Permit Issued to: EnCana Oil & Gas (USA) Inc.
Date Original Permit Issued: 7/16/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒


Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐



Signature

7/8/09

Date

Title: Regulatory Analyst

Representing: EnCana Oil & Gas (USA) Inc.

RECEIVED
JUL 14 2009
DIV OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

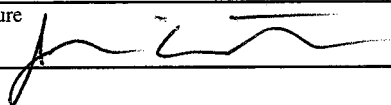
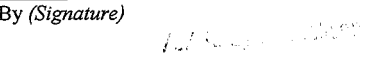
FORM APPROVED
OMB NO. 1004-0137
Expires: July 31, 2010

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. U-16575 UTU84217
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Middle Mesa Fed 31-42-29-25
2. Name of Operator EnCana Oil & Gas (USA) Inc.		7. If Unit or CA Agreement, Name and No. Middle Mesa, UTU-82680X
3a. Address 370 17th St., Suite 1700, Denver CO 80202		8. Lease Name and Well No. Middle Mesa Fed 31-42-29-25
3b. Phone No. (include area code) 720-876-5339		9. API Well No. 4303731895
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 557' FSL & 2344' FWL At proposed prod. zone 719' FSL & 2226' FWL		10. Field and Pool, or Exploratory South Pine Ridge
11. Sec., T., R., M., or Blk. And Survey or Area Sec. 31, T29S-R25E		12. County or Parish San Juan
13. State Utah		14. Distance in miles and direction from nearest town or post office* Approximately 6.0 Miles SE of La Sal, UT
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any) 441' BHL 719' BHL	16. No. of Acres in lease 320.43	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, 1996' BHL applied for, on this lease, ft.	19. Proposed Depth 5971' TVD	20. BLM/ BIA Bond No. on file UT1005
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6789.3' GR	22. Approximate date work will start* 01-Aug-08	23. Estimated Duration 30 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- | | |
|--|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the BLM. |

25. Signature 	Name (Printed/ Typed) Jevin Croteau	Date 6/30/08
Title Regulatory Analyst		
Approved By (Signature) 	Name (Printed/ Typed) Assistant Field Manager	Date 1/5/2010
Title Assistant Field Manager, Division of Resources	Office Division of Resources Moab Field Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

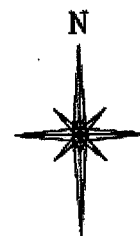
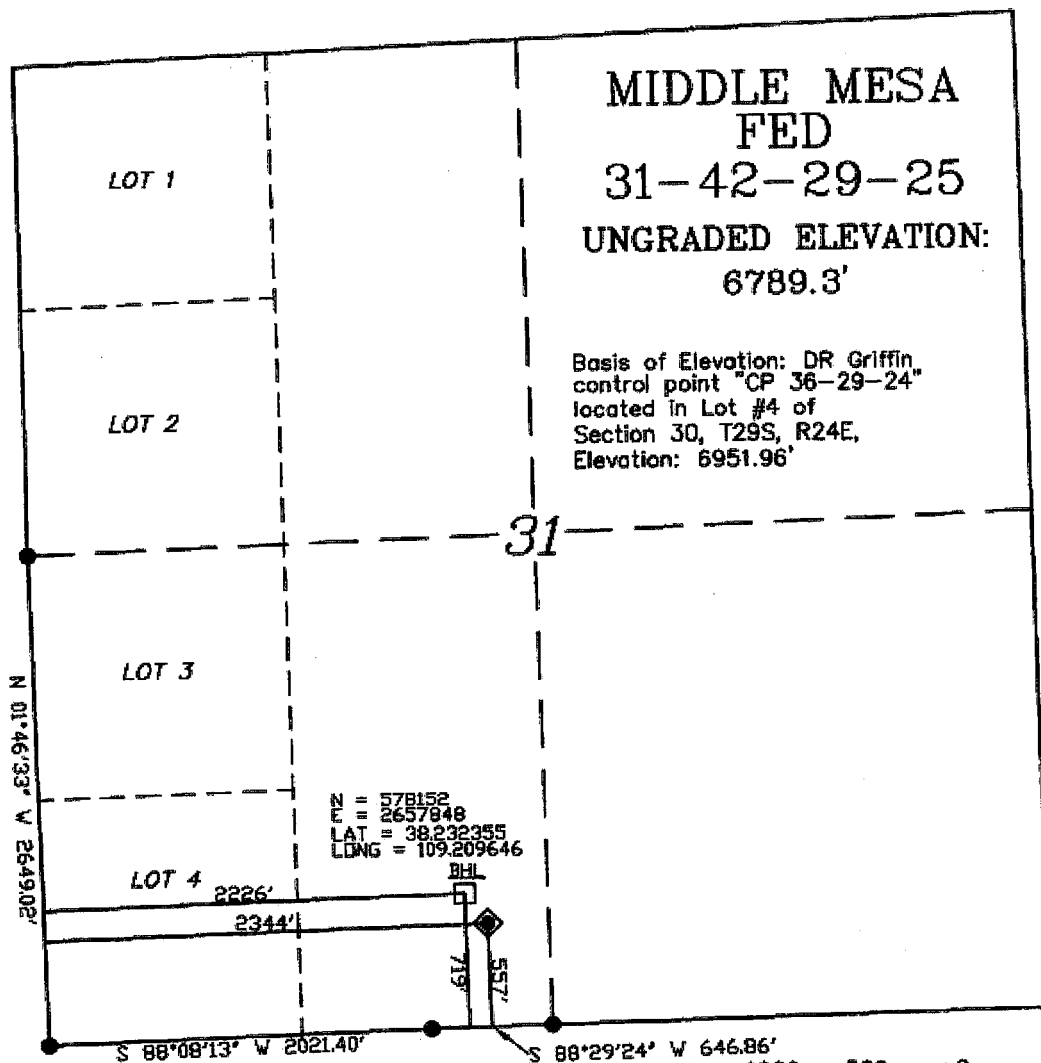
(Instructions on page 2)

CONDITIONS OF APPROVAL

RECEIVED
JAN 11 2010
DIV. OF OIL, GAS & MINING

CONFIDENTIAL
TIGHT HOLE

R. 25 E.



SCALE: 1" = 1000'

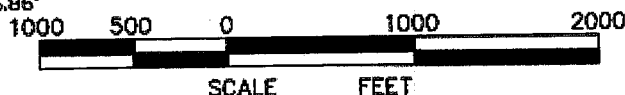
T. 29 S.

LATITUDE (NAD27)
NORTH 38.231911 DEG.
LONGITUDE (NAD27)
WEST 109.209233 DEG.

LATITUDE (NAD83)
NORTH 38.231900 DEG.
LONGITUDE (NAD83)
WEST 109.209899 DEG.

NORTHING
577993.31
EASTING
2657970.24

BASIS OF BEARING/DATUM
SPCS UT SOUTH (NAD 27)



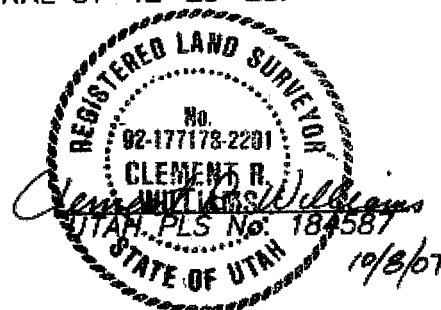
SURVEYOR'S STATEMENT

I, Brian L. Forbes, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on AUGUST 06, 2007, and it correctly shows the location of MIDDLE MESA FEDERAL 31-42-29-25.

NOTES

- ◆ WELL LOCATION
- FOUND MONUMENT (BC)
- BOTTOM HOLE LOCATION

EXHIBIT 1



RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

ADDED BHL

SCALE: 1" = 1000'

JOB No. 15792

REVISED: 10/07/07

**PLAT OF DRILLING LOCATION
FOR
ENCANA OIL & GAS (USA) INC.**

**557' F/SL & 2344' F/WL, SECTION 25,
T. 29 S., R. 24 E., SALT LAKE B.M.
SAN JUAN COUNTY, UTAH**

EnCana Oil & Gas (USA), Inc.
Middle Mesa Federal 31-42-29-25
Lease UTU-84217
Middle Mesa Unit (UTU-82680-X)
SE/SW Section 30, T29S, R25E
San Juan County, Utah

A COMPLETE COPY OF THIS APPROVED PERMIT and Conditions of Approval shall be maintained on location during all construction and drilling operations, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that EnCana Oil & Gas (USA), Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **UT1005** (Principal – EnCana Oil & Gas (USA), Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of two years from the date of approval. An extension of this permit will be considered only if a written request is received prior to APD expiration. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Failure to comply with the provisions of this permit, including applicable regulations, stipulations, and/or approval conditions, will be considered a violation subject to the enforcement provisions of 43 CFR Subpart 3163.

A. DRILLING PROGRAM

1. The proposed 3M BOP system is adequate for anticipated conditions. Testing to 2M standards is acceptable. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGM) is required before conducting any surface disturbing activities.
3. Drilling reports, which describe the activities of each day, shall be submitted to the BLM Moab Field Office on a weekly, or more frequent, basis. In addition to a daily summary of activities, drilling reports shall include the drilling fluid weight, details of casing and cement, water flows, lost circulation zones and any other information that would contribute to our understanding of drilling conditions.
4. Submit a Well Completion Report (Form 3160-4) within 30 days of completing the well. Please invest the necessary energy to thoroughly and accurately describe the well completion.

B. Surface

Site Specific COAs

Middle Mesa Federal 25-43-29-24

1. Due to a raptor nest, no permanent facilities shall be constructed/installed on this location. Facilities shall be located on an adjacent or nearby location.

Middle Mesa Federal 31-11-29-25

1. The operator shall maintain a 50' undisturbed vegetated buffer from the drainage to the SE corner of the pad.

Middle Mesa Federal 31-22-29-25

1. All earth moving activities associated with construction of the access corridor servicing the well in T29S R25E Section 31 will be monitored by an archeologist who meets or exceeds the qualification standards recommended by the Secretary of the Interior. The Bureau has identified this area as containing the potential for buried cultural deposits.

The archeologist shall notify the BLM, Moab Field Office of date they intend to monitor the aforementioned areas, no less than three days in advance. The BLM will require the submission of two copies of a monitoring report within 30 days of the completion of work.

In the event previously unidentified archaeological materials are identified within the project area the standard stipulations apply for documentation of archaeological deposits.

2. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

Middle Mesa Federal 31-33-29-25

1. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was

previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.

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Middle Mesa Federal 31-42-29-25

1. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

Middle Mesa Federal 31-44-29-25

1. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

Middle Mesa Federal 5-8-30-25

1. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

Middle Mesa Federal 5-10-30-25

1. Due to a raptor nest, no permanent facilities shall be constructed/installed on this location. Facilities shall be located on an adjacent or nearby location.
2. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

Middle Mesa Federal 4-20-30-25

1. All earth moving activities that are associated with the initial construction of the well pad will be monitored by an archeologist who meets or exceeds the qualification standards recommended by the Secretary of the Interior. The Bureau has identified this area as containing the potential for buried cultural deposits. Additionally, a temporary fence will be erected on the southeast portion of this well pad during construction to eliminate damage to a sensitive area.

The archeologist shall notify the BLM, Moab Field Office of date they intend to monitor the aforementioned areas, no less than three days in advance. The BLM will require the submission of two copies of a monitoring report within 30 days of the completion of work.

In the event previously unidentified archaeological materials are identified within the project area the standard stipulations apply for documentation of archaeological deposits.

2. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

Bull Horn Federal 9-13-30-25

1. This well location is in a geologic formation that has yielded scientifically significant fossils. To minimize the possibility of damaging fossil remains, a paleontological survey or paleontological monitoring shall be performed.
 - A paleontological survey, if conducted, must include the well location and access road. The survey report must be submitted to the BLM for review prior to conducting surface disturbing activities (Note: A paleontological survey was previously conducted on the Middle Mesa No. 5-10 well and access, with negative findings). Depending on the findings of a paleontological survey, monitoring may also be needed.
 - If a paleontological survey is not conducted, monitoring must be performed. The monitor must be on-site during construction of the well pad and access road to identify any vertebrate paleontological remains that may be uncovered. If a discovery is made, work must stop in the vicinity of the find. Work may continue at a distance of 100 feet away from the discovery point. The BLM must be notified promptly upon discovery of paleontological remains. An assessment of the discovery will determine its significance, and the actions necessary for protection.

General COAs

Other required approvals

1. This approval does not authorize non-federal actions. State and county permits may be required prior to any construction activity.

Cultural

1. Should any cultural resources be unearthed, surface-disturbing activities would be re-routed to avoid or halted until the cultural sites/artifacts can be evaluated for significance, and a mitigation/salvage plan be formulated. These actions would successfully mitigate possible impacts to cultural resources such that detailed analysis is not required.

Paleontological Resources

1. Paleontological resources are not likely to be encountered, except for those site listed previously, but could be discovered during construction. Because of this the operator shall; (1) with contractors, go over procedures for stopping work and notifying BLM if paleontological resources were found while working on the project, (2) notify the contractor of his responsibilities for informing employees/sub-contractors of the potential for prosecution if paleontological resources were disturbed.

Wildlife

1. In order to protect nesting raptors, no road or well pad construction, drilling or well completion operations, or construction of production facilities will be authorized between March 1 and August 31. No permanent facilities or construction activities would be allowed that could cause permanent abandonment of established nest sites if facility or construction removed a nest or permanently interfered with nesting activity. Most raptors typically require a ½ mile buffer except burrowing owls which require a ¼ mile buffer to protect nest site and nest activity. Raptor surveys would be required during breeding and nesting season by a qualified biologist. Breeding season surveys must be updated each year prior to surface disturbing activities. The restriction would reduce potential impacts to other bird species when the young would be raised. The limitation does not apply to maintenance and operation of producing wells. Exceptions will be granted to this limitation and will be specified in writing by the Moab Field Office.
2. In order to protect mule deer on crucial winter range no road or well pad construction, drilling or well completion operations, or construction of production facilities will be authorized between November 15 and April 15 to reduce the potential impacts to mule deer. The restriction would not apply to the maintenance and operation of producing wells. The dates and provisions for producing wells would be consistent with the oil and gas stipulation for deer winter range in the MFO RMP.

Well Pad/Road Construction/Maintenance

1. All soil and gravel brought in from off site for road or pad construction need to come from a pit free of invasive, non-native species.
2. Impacts from new well pad and road construction would be minimized by appropriate drainage control (ie. water bars, low water crossings in ephemeral drainages, etc). If the wells go into production, mitigation of impacts to soils would include 1) upgrading roads to BLM Gold Book standards and 2) reclamation of any unused areas (ie. wellpads, unneeded road access). If the wells are not produced, then reclamation would mitigate and reduce impacts to soils.
3. The operator shall maintain the existing roads in a safe, usable condition, as directed by the Moab Field Office. The maintenance program shall include, but is not limited to, blading, ditching, installing culverts, and if needed, surfacing the road with rock materials. The operator shall conduct all activities associated with the San Juan County roads within the existing surface disturbances of the maintained roads. The operator

shall repair all damages to the county roads resulting from traffic associated with constructing, drilling, and producing the well.

4. The operator shall not block access to roads that intersect with the main roads being used to drill these wells. If blading the road for maintenance, the operator must make sure to remove any windrow that crosses another road.
5. The operator shall salvage the topsoil from entire disturbed area of the location prior to construction of the pad. This includes removal of topsoil from the areas where spoil piles will be stored.
6. Gates and cattle guards shall be maintained to at least existing condition or better.
7. New roads constructed shall be signed Administrative use Only.

Wastes

1. All Federal and State laws would be followed regarding use, storage and disposal of hazardous materials and solid wastes.
2. No produced water or other fluids will be disposed on the well pad or roads.

Soils/Dust

1. Dust control will be provided during construction and drilling operations by spraying fresh water on new road construction, roads being maintained or utilized, and the well pad as needed.

Fuels/Fire

1. During the activities of road maintenance, new road construction, or the construction of well pads, if any standing live or dead trees were damaged, cut down, or knocked over by grading or construction equipment; actions would be taken to mitigate the fuel loads from slash generated from these activities. In areas where reclamation of the site would be expected and slash would be utilized to help reclaim the site, temporary piling of slash until termination of activities would be acceptable. In areas where reclamation is not planned in the foreseeable future, disposal of slash would be required.

Acceptable disposal actions include the chipping of materials on site with dispersal along the road or pad edge. Hauling of materials would also be acceptable with the following stipulations:

- a. BLM would pre-approve the disposal location.
- b. Piled vegetation would not be within fifteen feet of standing live trees.
- c. Because downed trees would provide an opportunity for public firewood cutting and collection, piles must be located adjacent to and accessible by road.
- d. All burning of materials would be conducted by BLM specialists.

Reclamation

1. Drill pads and new roads to non-producing wells will be reclaimed. Reclamation will include removal of new road and the incorporation of a seed mix that will provide a vegetation structure as close to the existing plant community as possible.

2. At the end of drilling operations and prior to reclamation of the reserve pit, the top of the pit will be covered with netting of one inch or less to prevent access by birds while the pit is drying.
3. The pit will not be left open for more than 6 months from the completion of drilling activities. If necessary the pit fluids will be drained and then closed prior to the 1 year deadline.
4. Interim reclamation shall be commenced within 6 months of completion of the well. Interim reclamation will include the reclamation of all the portions of the pad not required for everyday production.
5. For Interim Reclamation the operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. Use the following seed mix:

Species – Cultivar	% in Mix	Lbs PLS*
Indian Ricegrass	50	5
Slender wheatgrass	40	4
Four-wing saltbush	40	4
Totals	100%	10.00 lbs/acre

*PLS = pure live seed

*Double this rate if broadcast seeding

6. Slopes too steep for machinery may be hand broadcast and raked with twice the specified amount of seed.

Noxious/Invasive Weeds

1. To reduce the opportunity to transport invasive and/or noxious weeds, the operator will be required to wash all vehicles and equipment before mobilizing into the project area to begin any dirt work or drilling activities.
2. The operator will be responsible for weed control on the disturbed areas within the limits of the well pad and road construction. The operator will be responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.
3. The operator will monitor for noxious weeds that might move onto the location. If any are discovered an Integrated Pest Management Plan will be created and need BLM approval prior to beginning any treatment program.

Air Quality

1. All new and replacement internal combustion oil and gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 grams of NOx per horsepower-hour. This requirement does not apply to oil and gas field engines of less than or equal to 40 design-rated horsepower;

2. All new and replacement internal combustion oil and gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gram of NOx per horsepower-hour.

Other

1. Please contact Ben Kniola, Natural Resource Specialist, @ (435) 259-2127, Bureau of Land Management, Moab, if there are any questions concerning these surface use COAs.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the BLM, Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spud. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field Office within 24-hours after spud, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab Field Office on a weekly basis.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed with the Moab Field Office for approval of all changes of plans and subsequent operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Moab Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Moab Field Office. The Moab Field Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor (BLM) shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Moab Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Ben Kniola (435-259-2127) or Dave Skinner (435-259-2145) BLM Moab Field Office:

2 days prior to commencement of dirt work, construction and reclamation.

Notify Jeff Brown (435-587-1525) BLM Monticello Field Office for the following:

1 day prior to spud;

50 feet prior to reaching the surface casing setting depth;

3 hours prior to testing BOPE.

If the person at the above number cannot be reached, notify the Moab Field Office at 435-259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at 435-259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING

CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

5/14/2010

FROM: (Old Operator): N2175-EnCana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202 Phone: 1 (303) 623-2300				TO: (New Operator): N3670-Patara Oil & Gas, LLC 333 Clay Street, Suite 3960 Houston, TX 77002 Phone: 1 (713) 357-7171			
CA No.				Unit:			
				MIDDLE MESA			
WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE
SEE ATTACHED							STATUS

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 5/11/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 5/11/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 5/11/2010
- Is the new operator registered in the State of Utah: Business Number: 7655540-0161
- (R649-9-2) Waste Management Plan has been received on: * * requested 9/27/10
- Inspections of LA PA state/fee well sites complete on: * * requested 9/27/10
- Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: 6/28/2010 & 9/2/2010
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to Inject, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 6/29/2010
Lisbon B-816 only

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 9/14/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/14/2010
- Bond information entered in RBDMS on: 9/14/2010
- Fee/State wells attached to bond in RBDMS on: 9/14/2010
- Injection Projects to new operator in RBDMS on: 9/14/2010
- Receipt of Acceptance of Drilling Procedures for APD/New on: 5/11/2010

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000428
- Indian well(s) covered by Bond Number: n/a
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number RLB0013207 & B006008
- The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: ENCANA OIL & GAS (USA) INC. <i>N2175</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 370 17th Street, Suite 1700 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 623-2300		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: See Attached List COUNTY:		8. WELL NAME and NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: UTAH		9. API NUMBER:
		10. FIELD AND POOL, OR WILDCAT:

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Effective May 4, 2010 Patara Oil & Gas LLC, 333 Clay Street, Suite 3960, Houston, TX 77002, will take over completions and operations and is designated as agent operator for the subject wells on the attached list.

Bond coverage for all activities will be covered by Patara's BLM Statewide Oil & Gas Bond No. UTB000428 and UDOGM Bond No. Pending. *RIB0013107 + B006008*

Patara Oil & Gas LLC, Lane M. Kincannon, Vice-President, Land & Business Development *N3670*

Signature *[Signature]* Date 5/4/2010

NAME (PLEASE PRINT) <u>Ricardo D. Gallegos</u>	TITLE <u>Attorney-in-Fact</u>
SIGNATURE <i>[Signature]</i>	DATE <u>5/4/2010</u>

(This space for State use only)

APPROVED 9/14/2010
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED
May 11 2010 ER
DIV. OF OIL, GAS & MINING

ENCANA O-G (N2175) to PATARA O-G (N3670)
effective May 4, 2010
MIDDLE MESA

well_name	sec	twp	rng	api	entity	lease	well	stat	C
BIG INDIAN 35-24	35	290S	240E	4303731829	14409	Federal	GW	S	
MIDDLE MESA ST 36-14-29-24	36	290S	240E	4303731838	15076	State	GW	P	
MIDDLE MESA FED 5-6-30-25	05	300S	250E	4303731853	16375	Federal	GW	P	
MIDDLE MESA FED 31-31-29-25	31	290S	250E	4303731854	15721	Federal	GW	P	
MIDDLE MESA ST 36-12-29-24	36	290S	240E	4303731855	16187	State	GW	P	
MIDDLE MESA ST 36-24-29-24	36	290S	240E	4303731856	16186	State	GW	S	
MIDDLE MESA ST 36-12B-29-24	36	290S	240E	4303731877	15076	State	GW	P	
MIDDLE MESA ST 36-24B-29-24	36	290S	240E	4303731878	16834	State	GW	P	
MIDDLE MESA FED 30-41-29-25	30	290S	250E	4303731893		Federal	GW	APD	C
MIDDLE MESA FED 31-42-29-25	31	290S	250E	4303731895		Federal	GW	APD	C
MIDDLE MESA FED 5-10-30-25	05	300S	250E	4303731897		Federal	GW	APD	
MIDDLE MESA FED 4-20-30-25	04	300S	250E	4303731898		Federal	GW	APD	C
MIDDLE MESA FED 25-43-29-24	25	290S	240E	4303731901		Federal	GW	APD	C
MIDDLE MESA FED 25-31-29-24	25	290S	240E	4303731903		Federal	GW	APD	C
MIDDLE MESA FED 26-34-29-24	26	290S	240E	4303731904		Federal	GW	APD	C
MIDDLE MESA FED 26-23-29-24	26	290S	240E	4303731905		Federal	GW	APD	C
MIDDLE MESA FED 31-44-29-25	31	290S	250E	4303731906		Federal	GW	APD	C
MIDDLE MESA FED 31-33-29-25	31	290S	250E	4303731907		Federal	GW	APD	C
MIDDLE MESA FED 5-8-30-25	05	300S	250E	4303731908		Federal	GW	APD	C
MIDDLE MESA FED 31-22-29-25	31	290S	250E	4303731909		Federal	GW	APD	
MIDDLE MESA FED 31-11-29-25	31	290S	250E	4303731910		Federal	GW	APD	
**Moved 7/14/2010									
MIDDLE MESA FED 25-41-29-24	25	290S	240E	4303731902		Federal	GW	APD	C



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO
3180
UT-922

June 28, 2010

David M. Laramie
Patara Oil & Gas, LLC
621 17th Street, Suite 1345
Denver, CO 80293

Re: Successor Operator
Middle Mesa Unit
UTU82680X
San Juan County, Utah

Dear Mr. Laramie:

On June 25, 2010, we received an indenture dated May 4, 2010, whereby EnCana Oil & Gas (USA), Inc. resigned as Unit Operator and Patara Oil & Gas, LLC was designated as Successor Unit Operator for the Middle Mesa Unit, San Juan County, Utah. The indenture was executed by both parties and the signatory parties (working interest owners) have complied with Sections 5 and 6 of the unit agreement.

The instrument is hereby approved effective June 28, 2010. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Middle Mesa Unit Agreement.

Your statewide oil and gas BLM Bond No. UTB000428 will be used to cover unit operations.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate Federal offices, with one copy returned herewith.

If you have any questions, contact Leslie Wilcken of this office at (801) 539-4112.

Sincerely,

/s/ Roger L. Bankert

Roger L. Bankert
Chief, Branch of Minerals

Enclosure

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JUL 06 2010

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

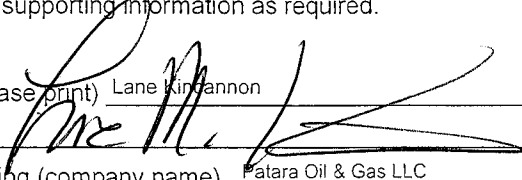
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Middle Mesa Fed 31-42-29-25
API number:	4303731895
Location:	Qtr-Qtr: SESW Section: 31 Township: 29S Range: 25E
Company that filed original application:	EnCana Oil & Gas (USA) Inc.
Date original permit was issued:	07/16/2008
Company that permit was issued to:	EnCana Oil & Gas (USA) Inc.

Check one	Desired Action:
	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0013207</u>	<input checked="" type="checkbox"/>	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Lane Kinnannon Title Vice-President, Land & Business Development
Signature  Date 5/4/10
Representing (company name) Palara Oil & Gas LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

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May 11 2010 ER
DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 27, 2010

Patara Oil & Gas, LLC
PO Box 215
La Sal, UT 84530

Re: APD Rescinded – Middle Mesa Fed 31-42-29-25, Sec. 31 T. 29S, R. 25E
San Juan County, Utah API No. 43-037-31895


Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 16, 2008. On July 14, 2009, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 27, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

